For an exclusive "Eastern Economist" interview with Shri C. D. Deshmukh, Finance Minister of India, see pages 18 and 19.

MADRAS GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 1. NEW DELHI: JANUARY 1, 1954. ONE RUPEE

CONTENTS

Page

LEADING ARTICLES:

THE NEW STEEL PROJECT 1

ECONOMISTS IN CONFERENCE .. 3

MAGISTRACY UNLIMITED? 4

THE WEEK'S NOTES 5

Prospects for Berlin Meeting; N.N.R.C.'s Appeal for Instructions; Preventive Detention; Reorganisation of the States; I.F.C. Vindicated.

WORLDGRAM AND NEWS IN BRIEF .. 7

A WINDOW ON THE WORLD

Odysseus on "Your Quarrel and Mine" .. 11

LETTERS TO THE EDITOR 14

A DELHI DIARY 17

Page

AN INTERVIEW WITH SHRI CHINTAMAN D. DESHMUKH 18

THE BUSINESS WORLD:

Review of Railway Rates 21

Reflections on Tendencies in Tea 22

BUSINESS NOTES 25

A.C.C.; India Steamship Co.; The Taxation of Bonus Shares; U.S. Aid for Rolling Stock; Tea Exports; Sugar Policy; Automobiles and Transport.

COMMODITY NEWS AND NOTES 28

CURRENT STATISTICS 32

The New Steel Project

THE New Year has begun well. As the year 1953 ends, the dominant feeling is one of pronounced optimism in respect of economic affairs. This feeling was strongly voiced by the Finance Minister in a Press Conference on December 29. It is visible in an exclusive interview given to the Editor of "The Eastern Economist" which appears in full on pages 18 and 19 of this issue. It is not, however, opinions alone which will convince doubtful minds. There has been in at least one respect a powerful display of decision. This is in regard to India's new steel plant. Between the first agreement signed at Bonn on August 15 last year and the agreement of December 21, the Government of India has operated at high pressure. There is a note of resolution in the public sector which can rightly be acclaimed as something new and heartening.

The longstanding plans for the establishment of a new unit for steel manufacture in India have at last taken practical shape with this agreement between the Government of India and the German Combine of Krupps and Demag. Thus there have ended five long years of doubts and indecision. It will be remembered that project reports of three American technical consultants in 1948 clearly established both the extent of the demand for steel and the availability of all the resources for its manufacture within the country. The difficulty over finance seemed insuperable in the initial stages; then came a period of suspense, caused apparent-

ly by indecision as to whether two steel units each with a capacity of half a million tons or one with a million-ton capacity should be established. The absence of any proposal for a steel unit in the Draft Five-Year Plan and the very vague provision made in the final version in December 1952 seemed to indicate a total lack of foresight in implementing a scheme which admitted of no two opinions on its desirability as well as urgency. The Ministry of Production has certainly to be commended therefore for having taken the initiative to break this chapter of empty talk and translating a scheme into firm action.

165109

The outstanding fact about the present arrangement is the choice of the partner for executing the task of construction of a steel plant. It has long been a settled fact that a new steel project would be established under State ownership. It was inevitable that foreign technical assistance should play the leading part in the building up and initial working of the plant. The international reputation of the German Combine in the field of steel manufacture provides sufficient guarantee that the responsibility for the technical side of the construction and operation will rest in proper hands. The Combine has taken up this assignment at a time when German and other European steel expansion plans have almost reached completion and both capital equipment and technical personnel will be available to undertake similar tasks elsewhere. With their assurance that the cost and efficiency of the Indian steel unit will not be less favourable than in the other units which Krupps and Demag have already helped to establish in Europe, the Indian steel project may be said to start under very good auspices.

There are many important details of the steel project which still remain to be settled. The first relates to location. The German partners have to decide from the technical point of view between the competing claims of the four sites now under consideration. Within the scope of any latitude which technical considerations may permit, there may also enter an element of political choice by the Government of India between Sindri (Bihar), Durgapur (West Bengal), Bilhai (Madhya Pradesh) and Rourkela (Orissa). This, however, is much less important than the question of the particular kind of process of steel manufacture which is to be adopted. This question is directly related to the outlay on the project as well as to the unit cost of production. One major decision has, however, been reached which will have a vital bearing on both. Both the Government and the German Combine have now made it quite clear that the most economical unit will be a million-ton plant and that it can be best established by starting with half-a-million-ton capacity and doubling its size in due course.

This decision sets at rest an old controversy as to the size of an economical unit. There is a written contractual undertaking that the steel works should be made ready to commence production within a period of four years from the decision on the location of the plant. There also appear to be informal assurances that as the steel unit is being erected, as much of productive activity as is possible will commence even earlier. In view of the European experience of the construction of such plants in less than three years in some cases, and the earnestness of the German firm in the present undertaking, it would not be over-optimistic to hope that the period of four years is only an outside limit. There would arise some subsidiary matters like the township for the plant. The German technical consultants will advise and settle the layout of the township but the work of constructing the houses and the financial outlay remain outside the scope of the present project agreement.

The purely financial provisions for the formation of the Company to be known as "Hindustan Steel, Limited" appear to be favourable enough. Though the Company will have an authorised capital of Rs. 100 crores, the estimate for the project, which would vary according to the process to be adopted, is expected to be just over Rs. 71 crores. There is an obligation to preserve the ratio of 4 : 1 in the shareholding between the Government and the Combine, and to regulate accordingly the issues of capital from time to time, with a ceiling on the Combine's investment in the share capital of the Company at Rs. 9.5 crores (in D Marks not exceeding the equivalent of $20 million). There is provision for applying for a loan to the International Bank of $40 million or to other sources to the extent of a shortfall. This figure of $60 million in foreign capital contemplated is still below the total foreign exchange requirements of the project which has been estimated at 60 per cent of the total cost of the project (or about Rs. 42 crores). There is thus opportunity to utilise in this project part of the other foreign aid available for financing the plan, the means of absorption of which is now causing problems.

The conditions of the Indo-German agreement require that orders must be placed in Germany at least to the extent of $67 million, if the entire subscription of the Combine to the share capital of $20 million is fully invested in proportion to orders. But there is an important safeguard in the stipulation that global tenders will be invited for plant, equipment and supplies and that quality, prices and delivery dates will be the sole determining factors for their acceptance, subject to the exclusion of government subsidized tenders. The transactions of the Company are subject to taxation and there are no other special concessions. The remuneration of Rs. 2.1 crores agreed upon with the German Combine for their technical advice as consultants has come in for some criticism; it would appear, however, to be counterbalanced by other advantages and would in any case appear too trivial in the context of the general progress made on the project.

A significant addition has now been made to India's Five-Year Plan by this agreement. It can lead to the growth of sufficient confidence to plan for more of such steel or other heavy industrial projects in the next five-year plan, on which a beginning has already been made. The German technical consultants have agreed to train Indian technicians not only in the operation of the plant for manufacture but also in the processes of construction, which will make sufficient personnel available for future tasks. These terms are, perhaps, more favourable than could have been expected in any agreement for technical assistance on commercial lines. The steel project is not to be judged merely in terms of the steel to be made available. It must be reviewed as a symbol of the type of economic development that is needed in the future and the willingness to go all out to achieve it.

As this first chapter ends, it will generate the belief that the Government of India is able to think spaciously in industrial, as well as in agricultural, terms. Whereas multi-purpose finance seemed plentiful, the most obstinate parsimony always existed on steel. Now that mood has ended: this is the time not only for the consideration of other large industrial schemes including another steel plant. It is a time to see how small units of the engineering industry can be dovetailed into our plans for the utilisation of the steel to be produced.

Economists in Conference

THE 36th All-India Economic Conference held in Jaipur on the 28th and 29th December was inaugurated by Mr. T. T. Krishnamachari in an address which was appropriately provocative in an age where the stimulus to new thinking in the economic sphere has become a most urgent need. It was apparent at this meeting that the economists themselves recognised this overwhelming need. It was not to be expected that this recognition would be translated immediately into action, but, for almost the first time, the major theoretical subject of discussion, the application of Keynesian economics to underdeveloped countries, gave place of priority to the practical subject, which was the making of Indian import policy. It is still unhappily true that even an intensely practical subject like import policy continues to be discussed by economists in an extremely tenuous and rarefied theoretical atmosphere in which practical administrators can scarcely breathe. But it is significant nevertheless that our economists are becoming more practical; on this occasion it was also significant that the Minister of Commerce and Industry went more than half way to meet them. This inaugural address showed an acquaintance with recent studies in theoretical economics which was slightly embarrassing to some of his listeners.

This meeting of the currents on an academic platform was, perhaps, unduly emphasised by the Presidential address of Prof. S. Kesava Iyengar, who submerged his theoretical economics in a crusade against new administrative weaknesses. What was right about this Presidential address was its outspoken criticism; every platform in this country is a democratic platform and can, and should, be used to direct attention fearlessly to weaknesses which can bear correction. Prof. Kesava Iyengar mentioned a few of these. But the total impression left by him on his listeners was that he had set out to tilt at many windmills and did not do much constructive work in the process of an address which lasted an hour and a half. There is everything to be said, for example, for demarcating survey numbers properly and incorporating the results in a correct map of villages of the Hyderabad State. But to place the emphasis on details such as these at a time when the broad lines of economic policy are in a state of violent flux was surely very mistaken.

The truth is that in a country as vast and varied as India, there will necessarily be some great inadequacies in respect of detailed administration. But it is even more true that there are, recognising the size of the country in this respect, some quite dashing successes. For example, while Hyderabad State and perhaps Rajasthan might show the defects in abundance which Prof. Kesava Iyengar analysed, there are some States like Madras, Mysore, and Bombay where the survey and settlement work and the village records constitute one of the most advanced administrative achievements to be found anywhere in the world. Again, even assuming that survey numbers are not adequately demarcated, and the pressure of duties on revenue officers appears to perpetuate this neglect, should we at this time place correction of these errors in the top priority class? Surely, the distraction of revenue officers from their routine duties is a measure of the importance which the country attaches to other things.

Mr. Krishnamachari was fortunately able to reflect in this Conference much more appropriately the true problems which face India's economists. This is essentially to "indicate in precise terms the direction in which India might proceed in order to reach the goals we in a Welfare State have set for ourselves". It is still true that, while much has been written on planning and subjects akin thereto, this fundamental challenge to India's economists to set out the pattern of India's economic progress in what Mr. Krishnamachari described as the Rostow approach has been left unanswered. Our economists have tended to work in a political vacuum. If they are professors trained in the old school, they tend often to treat Indian universities as though they were replicas of Oxford, Cambridge, and London, where so many of them were trained. In another school, of which Mr. Krishnamachari said that it had not yet attracted any economist of eminence, there is such preoccupation with the cottage industry concept that the fact that over large areas that concept has been expressly rejected seems to them only an obstinate but trivial detail. Between the classical or neo-classical or Keynesian economists of the Great British universities and the Gandhian economists of none, constructive Indian economic thinking today has fallen between two stools.

It is no solution for this basic defect in economic thinking to draw from statistical organizations a great wealth of descriptive material of the kind included in the National Sample Survey. Statistics is a respectable calling, and nothing is more childish than for economists to decry statisticians who are really the only people who can put the theories of economists to the test. The statistician provides the economist with a laboratory. The spectacular developments in Indian statistics in the last five years are developments of which India can well be proud. But this escape into statistics provides no solution to the basic economic problem which is the description of the economic links that matter in the Indian economic system.

If the National Income Unit of the Government of India, which was appropriately weighted two to one in favour of economists, had been able to inspire research into the elements most necessary for a comprehension of the Indian economic system, almost nothing more need have been said. But the fact that the National Income Unit after having been in session for four years has been able to produce only one report (for 1948-49), which has answered no fundamental question on the nature of the income-investment relation in India, shows that enlightenment must be sought elsewhere. Mr. Krishnamachari's address at the 36th Economic Conference suggests that where the Finance Ministry has not succeeded, the Ministry of Commerce and Industry is likely to have something more positive to contribute. Why should not the Ministry of Commerce and Industry supply the catalytic agent which will enable the reaction of new economic thinking to go rapidly to work?

This surely is the answer for current economic research in India. The universities do not have the resources. Our leading economists are not trusted in the counsels of the Government, because they are believed to be academic. The lack of resources and the lack of intellectual stimulus, because our economists are made to feel that they are not important, have kept our economists in their ivory towers. This is the country's misfortune. The Government must go out in a big way to woo its economists. It woos the people; why then are its economists neglected? Their influence on the new generation in colleges is enormous; if the Government of India intends capturing the intelligentsia, it is obviously elementary public relations to get the economists on its side. Will not Mr. Krishnamachari constitute in his Ministry a committee of non-official economists, who can both learn and interpret the practical problems with which India's commerce and industry are now faced? It is sincerely to be hoped that this 36th session of the Indian Economic Conference will be the instrument of a new approach to the economist as well as to economic science.

Magistracy Unlimited?

THE Bill to amend the Criminal Procedure Code now published for general information seeks to carry out the assurances given recently by the Home Minister about reform of the judicial administration. The system of criminal procedure has certainly been in need of amendments. There will be little regret over the abolition of the system of trial with the aid of assessors as that system has long outlived its usefulness. Many of its evils, however, have been common to the jury system, for which the Home Minister has developed a strong partiality. The verdicts of Indian juries have often been the despair of judges and considerations of caste and class and misguided sympathy for the accused had influenced too often the verdicts. The Home Minister has, however, wisely left it to the States to decide whether sessions trials should be held by a Judge sitting alone or with a Jury. That seems a wise compromise. The abolition of protracted proceedings before Magistrates for committing accused to Sessions Courts may also be a step in the right direction.

The extension of the scope of summons cases to offences punishable with imprisonment of less than a year may also be acceptable. The proposal for speeding up the procedure for warrant cases by restricting the opportunity for cross-examination to only one stage is more debatable. The vesting of discretion in the Magistrate to allow or not further cross-examination may not ensure complete confidence, especially when a Magistrate has to function under a mandate for speedy disposal. The restriction on adjournments, in order to compel examination of witnesses on their first appearance, seems unexceptionable in theory but difficult to enforce in practice. Under the new procedure, prisoners under trial will acquire the right to be released on bail if their trial is not concluded within six weeks from the institution of a complaint before a Magistrate. By enabling "formal" witnesses to give evidence by affidavit except when they are required to be cross-examined, time and trouble will be saved. These are almost exhaustive of the changes which may be regarded as prima facie justifiable and well worth trial.

The more controversial changes, however, are numerous. The provision for enabling trials of offences at or as near the place of occurrence of a crime at the discretion of Magistrates and Sessions Judges arises out of a misguided belief in the value of the so-called people's participation in court work. Trials nearer the scene of occurrence are possible even now in special cases with the permission of the State Government; the scope for abuse of this process is, therefore, restricted. A more frequent resort to this procedure would only dislocate the normal work of the Courts and of those attending them. The powers for summary punishment for alleged perjury places a power which is likely to lead to gross abuse. And still worse is the proposal to extend the powers of the Magistrates to trial of offences punishable up to seven years' imprisonment. The argument for this proposal is very strange; it rests on the fact that there now exists a provision, in Section 30 of the Criminal Procedure Code, by which first class Magistrates can be empowered by the Government in certain States to try all cases not punishable with death. That Section now applies to only three Part A States, and the bigger States like Bombay, Bihar, U.P., Madras and West Bengal are not among them. It should have been obvious that any proposal for reform should have attempted to introduce uniformity, if at all, only by raising the other States to the level of the excluded States rather than by pulling down the majority of the Part A States to the level of the rest. There can be no doubt that this proposal is misconceived and highly objectionable.

Not the least of the objections to this step is the fact that power will be given to the State Government under this Section to extend the jurisdiction of first class Magistrates, which would enable them to avoid the more independent Sessions Courts in all but the most serious cases. The question of extending magisterial powers beyond the maximum of two years' imprisonment now in force may be a relevant matter to consider where there has been a complete separation of the executive from the magistracy. So far only two States have made substantial progress in the direction of such separation; and in Madras, the separation still lacks a statutory basis. The expansion of the powers of the Magistrates in these circumstances is fraught with grave danger to the right of a citizen to get a fair trial in the more serious types of offences. It is a wholly retrograde provision which ought to be strongly resisted; in fact, Parliament should take this opportunity to repeal Section 30 of the Criminal Procedure Code, which has perpetuated an anomalous position so long.

Indeed, the major item of reform of the criminal courts, which is missing in the present Bill to amend the Criminal Procedure Code, is the complete absence of any amendments to enable the separation over the whole country of the executive from the judiciary, which is an objective enshrined in the Constitution. It is clear from the experience of Bombay that statutory amendments are needed; in Madras, a very intricate formula to separate the preventive and judicial powers of Magistrates has been worked out, but obviously uniformity in this matter is desirable and necessary. It can easily be achieved by enacting suitable amendments to the Criminal Procedure Code, by Central legislation, which can be merely applied by any State Government as soon as it can make the administrative arrangements for separation of the judicial Magistrates from the executive. Any question of extension of the powers of trial and sentence of the Magistrates can only arise after this vital safeguard has been provided. The circumstance that it is the Home Ministry which has sponsored these amendments raises the suspicion that it was not mere oversight that was responsible for Government turning the blind-eye to this important reform, while being very zealous about extending magisterial powers under a specious plea. Since only the State Governments were consulted it is not surprising that no objection was forthcoming against these proposals of the Home Ministry.

The tendency to strengthen the executive is also revealed in the proposed amendment to convert defamation against public servants, including Ministers, Governors and the President, into a cognizable offence. Public servants are thus sought to be placed in a privileged position, though a number of other men in public life or in business are equally at a great disadvantage in following the cumbersome procedure in filing complaints against grossly defamatory attacks. Once the privilege is granted, there can be no assurance that even a citizen who exercises his legitimate right of criticism of public servants will not be harassed since it can now be done at public expense. The executive has always been too sensitive and resentful of criticism in the past to provide a guarantee that it will not set in motion the machinery of the State to harass legitimate critics before the Courts. The prospect of facing the burden, financial and physical, of defending against such an action, could deter even genuine criticism sufficiently even if trials led to eventual acquittal by the Courts in each case. In the light of the failure to effect separation of the judiciary and in view of the enhancement of the powers of the magistracy, this new protection to public servants including politicians in office can become an instrument of executive tyranny which should be resisted.

THE WEEK'S NOTES

PROSPECTS FOR BERLIN MEETING

While the Western reply to the Russian note of December 26 for a Berlin meeting of the Foreign Ministers' may be made only after further diplomatic consultations, it seems unlikely that the Western Powers will now demur to the Russian proposals. Both British and American reactions have generally been in favour of acceptance. There is nothing particularly objectionable about the change of date to January 25, sought by the Soviet Union. As to the venue of the meeting, there is unlikely to be any Western objection to the Russian proposal that representatives of the High Commissioners of the Four Powers should together decide the place. The object would certainly be to cut the exchange of notes and go ahead with the meeting, so long as there can be no serious disagreement over the agenda. The Russian note has omitted all reference to the two questions on which the Western Powers are keenly interested, namely German unity and the Austrian treaty. The Soviet note suggests that the Soviet Government would only be interested in the discussion of the question of "assuring European security and eliminating the threat of the rebirth of German militarism" and secondly, the convening of a Five-Power Conference, including China, to lessen international tension.

There is probably sufficient meeting ground even in these apparently divergent proposals. Both Austria and Germany can be discussed, if not specifically as such as the Western note has demanded, at least as part of the problem of European security and German rearmament. The only question is whether the United States, which has so far made Germany and Austria test cases for proof of Soviet intentions, would agree to the discussion of a Five-Power Conference. There can be no objection to listening to the Soviet Government's suggestions on this subject. The British point of view might be to accept the Russian suggestion at face value and proceed to discuss what safeguards are needed to assure the Soviet Union of security against any military threat. It is, of course, unwise to expect that a Foreign Ministers' meeting would immediately lessen tension. Either party cannot remain indifferent to the propaganda value which the other can derive out of the failure to progress towards understanding. Whether the meeting will prove another episode in the cold war or a real prelude to understanding will, however, be decided.

N.N.R.C.'S APPEAL FOR INSTRUCTIONS

The report of the Neutral Nations Repatriation Commission does not contain much that was not already known about the manner in which the explanations to prisoners have proceeded in the last three months. Though there has been a minority report, which will be grist to the anti-Indian prejudices in South Korea and in certain American circles, much of the ground is common. The minority report emphasises that the prisoners on the other side were equally well organised in their attitudes. The difference in numbers has, however, made a substantial difference to the effect, if not the principle, of such organisation. Moreover, the organised violence against individual prisoners, who were wavering in their attitude to explanations, has resulted in murders and disappearance of men apart from the failure of the explanations. The actual issue, however, is what the Custodian Force has to do now with the prisoners on its hands. The N.N.R.C. is not quite clear as to the modus operandi of the reversion to civilian status on January 22. The implications of this condition were not sufficiently clarified in advance, as it was assumed that a Political Conference would meet before that date as a matter of course.

The N.N.R.C. has to meet a situation in which the prospects for such a conference have fast receded. The Commission is therefore making another bid to clarify matters. It is, of course, possible to say that there was no need, since the N.N.R.C. could well have invoked the specific clause which grants civilian status to the prisoners. There is always the fear that that step might wreck the chances of agreement in Korea but it is a risk which is inevitable. On the same logic, the earlier action of Dr. Rhee in releasing prisoners could have prevented an agreement, though it did not. It is unlikely that the Commission will now receive agreed instructions from both Commands but the present reference makes their moral responsibility clear. Whether the principle of voluntary repatriation of prisoners has been fully vindicated in Korea is for history to record.

PREVENTIVE DETENTION

The debate in Parliament on the policy of Preventive Detention has once again proceeded on the usual lines to justify the official attitude. The Home Minister cited the unanimous opinion of the State Governments that the power of preventive detention should continue and gave examples of the grosser instances of disturbances of law and order. The real issue was whether the Act, if necessary only for such extreme instances of lawless conduct, was actually being enforced in that spirit. The numbers of those detained have progressively declined from 1865 at the end of 1951 to 338 at the end of 1952 and to 117 at the end of 1953. Whether lawlessness was so considerably higher in 1951 than in 1953 seems debatable, but it is certainly arguable that the Governments have been more careful in resorting to Preventive Detention. But it cannot be denied that there have been more cases of improper detention on insupportable grounds than legitimate cases. The Home Minister cited the fact that Advisory Boards under the Act had recommended release of detenus in 224 cases out the 700 cases reviewed as evidence of the safeguards provided against arbitrary enforcement. But that was sufficient proof also of the improper exercise of the powers to harass citizens against whom no prima facie case could be made out.

There is confirmation of this conclusion in the figures of the cases decided by the Supreme Court. There were 335 cases under the Preventive Detention Act before the Supreme Court between October 1952 and November 15, 1953, and detentions were upheld in 74 cases and set aside in 83 cases. More significant is the fact that in 158 cases detention orders were revoked by the State Governments before the petitions came up for hearing, showing their inability to justify their action before the highest judicial tribunal. There is thus conclusive evidence of abuse of executive authority under the Act, the continuance of which can only be justified in the very few extreme cases of attempt to undermine law and order. The Opposition amendments to the resolution on the subject had at least this justification for their introduction that there was no bona fide application of the special powers. The fall in numbers of detenus during the last year has been the direct result of the Supreme Court's intervention and the work of the Advisory Boards. It is to be hoped that in the remaining one year of the Act's life, there will be a more responsible exercise of authority.

REORGANISATION OF THE STATES

The appointment of a Commission to examine de novo the question of reorganising the States of India has long been expected, since the establishment of Andhra State. The terms of reference are wide enough to enable the Commission to survey the problem in all its aspects and the choice of the members has been made with a view to lending prestige to its recommendations. But it is doubtful whether the Government or

the Commission would be wise in throwing the whole question again into the melting pot in the manner in which the Prime Minister's statement in the House of the People suggests. "The language and culture of an area have an undoubted importance " Mr. Nehru said, "as they represent a pattern of living which is common in that area. In considering a reorganisation of States, however, there are other important factors which have also to be borne in mind. The first essential consideration is the preservation and strengthening of the unity and security of India. Financial, economic and administrative considerations are equally important."

All this is familiar. The point that arises is whether a Commission, however objective and dispassionate, can now control or dispel the sentiments and emotions that are evoked among the people of the area in which the demands for reorganisation have been raised. The integration of the States, for example, showed that administrative and financial considerations will be readjusted to the new patterns in due course. In any case, the present pattern of division of the territory of the Union does not reveal much of method. The Part "C" States have an anomalous status and the tendency has been to make them semi-autonomous units, thereby creating new political pressures to maintain that status in future. It would be wise for the Government to accept the sentiment in favour of linguistic provinces and to investigate the conditions under which they can be established and the arrangements, administrative and political, that should precede the establishment of each linguistic unit. It may even be considered whether the existing distribution of powers between the States and the Centre should be revised to fit in the administrative and cultural autonomy of the States with a larger measure of Central control, to evolve and implement common policies. That might be a better premise than attempts to minimise the linguistic and cultural movements.

I.F.C. VINDICATED

The report of the Enquiry Committee on the working of the Industrial Finance Corporation and the decisions of the Government on the Committee's recommendations have served a useful purpose. They have shown the kind of unwarranted suspicions that are likely to be raised even in clear cases because of rumours and insinuations that are easily spread. The Committee is satisfied that the Chairman and Directors of the I.F.C. had disclosed their interest in the concerns which applied for loans and with which they were associated. There has been no regional bias in the rejection of applications for loans. The Committee has recognised the Corporation's limitations in the matter of promoting industries in backward regions or in favouring smaller industries against the bigger units. Loans granted on too strict banking considerations often tend to indicate a bias in favour of the established industrialists instead of those struggling to start new ones. The Committee's suggestion that the Board of Directors should be more closely associated with the work of the Executive Committee, to take responsibility for dealing with the more difficult cases deserves to be implemented. The Government has refused to accept the unfavourable interpretation by the Committee on certain cases of expeditious grant of loans, which did not warrant that interpretation.

The Government has accepted the suggestion for a wholetime Chairman for the I.F.C. and to amend the Act accordingly, but it is doubtful whether the present scale of operations would justify the step and secure the services of a person of suitable standing. The Government's decision to have panels of advisers, on a functional rather than a regional basis, was a right one. The Government has also rightly refused to accept the suggestion that all companies having Directors on the Board of the I.F.C. should be ineligible for loans; the proper course would be to have a report of each such case sent to Government for scrutiny and in all such cases the Government's nominees on the Board must take an active interest. It has also been provided that the I.F.C. should send up a report of every loan in excess of Rs. 50 lakhs, though it will not be necessary to take Government's sanction for it. The Committee's final recommendation that direct interference by Parliament in the day-to-day administration of the Corporation should be avoided but that Parliament should be able to look more systematically into the affairs of the I.F.C., raises the general issue of the status of all such Corporations vis-a-vis Parliament, on which different opinions have prevailed. Not the least of the difficulties of the Corporation is that its attempts to clear itself in the eyes of the public by publishing reasons for its decisions may embarrass the companies whose reputations may be affected by disclosures of confidential information.

THE DELHI SCHOOL OF ECONOMICS

UNIVERSITY OF DELHI

DELHI-9. December 15, 1953.

The Delhi School of Economics is an All-India Postgraduate Institution of advanced studies, research, and training in Economics, which functions as a constituent unit of the University of Delhi. The School is administered by a registered society, and has as its Founder Members more than 140 persons drawn from all parts of India and from all ranks of life, who have made or are making a contribution of Rs. 1,000/- each to the permanent funds of the School.

The School proposes shortly to construct its own main building. Attached to this main building will be the School's Hall, which the students and staff of the School have unanimously decided to name SWAMI VIVEKANANDA HALL. The students and staff of the School have taken this decision, because they draw inspiration from the life and teachings of Swami Vivekananda and are anxious permanently to associate this inspiration with the future of their institution. It has also been decided by them that as much as possible of the cost of the construction of this Hall should be raised by small donations from as many persons and from as many parts of India as possible. With a view to facilitating this object, it has been decided that no single contribution should exceed Rs. 5/-, while none should be below Re. 1/-. In fact, receipt books have been prepared for the purpose, indicating that the donation should be of Re. 1/- or Rs. 2/- or Rs. 3/- or Rs. 4/- or Rs. 5/-, as the case may be.

As President of the Fraternity of the School which is the joint organisation of the staff and students and as Director of the School, I am venturing to appeal to people all over the country to make their contribution towards the building cost of the Swami Vivekananda Hall of the School. Donations, which should not exceed Rs. 5/- each, may be sent either by money order or by postal order and addressed to the Director, Delhi School of Economics, Delhi-9. Donations will be acknowledged and receipts furnished for the same.

V. K. R. V. RAO.

WORLDGRAM

TRADE

Britain's Balance of Payments: Total exports in November 1953 were £248.8 million as compared with £236.9 million in October. Imports were estimated at £272.4 million for November, and the visible adverse balance was put at £23.6 million, the lowest for three years. U.K. exports to North America in November amounted to £25.1 million compared with £27 million in October. Shortage of sterling has hindered trade with South American countries and with certain Middle Eastern countries. The following are some interesting figures:

	November 1953	October 1953	First 11 months 1953	First 11 months 1952
	£ mn.	£ mn.	£ mn.	£ mn.
Exports f.o.b.* ..	248.8	236.9	2,455.6	2,482.5
Imports c.i.f. ..	272.4	279.8	3,067.4	3,216.5
Visible adverse balance	23.6	42.9	611.8	734

* Including re-exports.

* * * * * * *

India's Balance of Payments in November: For the third month in succession India's foreign sea and airborne trade has revealed a favourable balance. Figures show that in November 1953, the value of India's exports and re-exports of merchandise exceeded that of imports by Rs. 9.85 crores. The following table shows the comparative figures:

India's Balance of Payments
(Rs. in crores)

	Nov. (1953)	Oct. (1953)	Sept. (1952)
Exports and re-exports ..	47.07	45.85	47.81
Imports	37.22	43.47	43.12
Balance	+9.85	+2.38	+4.69

INDUSTRY

U.K. Industrial Production: First estimates show that the U.K. industrial production probably reached a new peak level in October. The index figure for output by all industries in October is put at 127-128 (base 1948=100). The estimate so far received is formed from sections of industry representing about 20 per cent of the whole index. The breakdown of the September figure for all industries is as follows:

Index of Industrial Production
1948=100

	September 1953	September 1952	August 1953	August 1952
All Industries	125	116	106	98
Mining and Quarrying ..	112	114	92	94
Manufacturing	128	116	106	97
Gas, Electricity and Water	122	120	108	103

* * * * * * *

Analysis of Press Advertising in the U.K.: The boom in press advertising continues in the U.K. The total value of expenditure on press advertising for the third quarter of 1953 was 22 per cent higher than in the same period last year. Amongst the major causes for this boom are: the greater supplies of newsprint; the end of Government control and rationing on certain types of products; and a shift to a buyers' market in general. Advertising on household soaps and detergents increased by 70 per cent in the first nine months of this year; most of this increase was due to the war between Surf and Tide. Also, advertising on chocolate confectionary has risen by 250 per cent. The following two tables show the exact situation:

Total Value of Press Advertising

	1953 (£ million)	1952 (£ million)
July-September	13.36	10.98
April-June	15.21	11.65
January-March	13.63	10.83

Expenditure on Press Advertising by Chief Product Groups

Classification	1953 (% of total Jan.-June expenditure)	1952 (% of total Jan.-June expenditure)
Food and Drink	23.4	22.4
Household Equipment	12.1	13.0
Household Stores	13.4	12.1
Motors and Cycles	13.7	10.2
Toiletries and Cosmetics	11.3	12.2
Wearing Apparel	11.8	14.3
Others	14.3	15.8
TOTAL	100.0	100.0

* * * * * * *

Tea and Coffee Consumption in the U.K.: Nearly half of the world's tea is consumed in the U.K. and the present annual consumption is put at 9.8 lbs. per head compared to 10.8 lbs. per head before the war. On the other hand, the U.K. consumes only 1.6 lbs. of coffee per head a year compared to America's consumption of 16.7 lbs. and Sweden's 12.9 lbs. The average retail price of good quality coffee has risen since decontrol to 7sh. 6d. per pound compared with the former control price of 5sh. 4d. per pound. The average retail price of tea, however, which was 3sh. 8d. per pound before the subsidies were removed in June 1952 has risen to about 4sh. 8d. per pound. A recent survey carried by the Tea Bureau in the U.K., with a sample size of 2,000, showed that there has been a slight increase in tea drinking. The soluble coffee extracts such as those made by Nestle's and Lyons, however, have increased enormously since 1939. The following figures present the true picture:

Net Imports of Tea and Coffee into the U.K.

	Tea (Mn. lbs.)	Coffee ('000 cwt.)
1953 (annual rate)	447	490
1952	473	731
1951	451	747
1938	517	280

* * * * * * *

Silk Cocoon Production in Jammu: The production of silk cocoons in Jammu province has been brought up to pre-1947 level. A report of the Mulberry Culture Department says that the Pakistan invasion in 1947 reduced production from 7,000 maunds to 1,700 maunds. The increase now permits all the silk factories to work continuously and even to lay up stocks of raw materials. The department has prepared a five year development plan and hopes to raise the production of cocoons to 12,000 maunds by 1958.

* * * * * * *

U.S. Tin Stockpile: The U.S. delegation to the U.N. International Tin Conference has recently dis-

closed that by next March the U.S. Government would have 38,000 to 40,000 long tons of tin in excess of present requirements for its strategic stockpile. The U.S. is the world's largest single consumer of tin, and at present no decision has been reached as to how the U.S. intends to dispose of its surplus stock.

* * * * * * *

New Steel Plant for India: After prolonged negotiations in Bonn and Delhi the Government of India signed an agreement recetly with a German combine for the installation of a new steel plant in India. The plant will be designed to produce 500,000 tons of steel in the first phase and will be expanded later into a one million ton unit. The first phase is estimated to cost not more than Rs. 70 crores. It has been provided in the agreement with the German combine of Krupps and Demag A.G., that the technical management of the plant would be provided by the German firms but Indians would be trained to operate it.

FINANCE

A £12.5 Million Transatlantic Cable Plan: It was announced in the House of Lords recently that a contract had been signed for the construction of the first transatlantic telephone cable system. The project will cost £12.5 million. The agreement was signed between the U.K., Post Office, the American Telegraph and Telephone Company, the Canadian Overseas Telecommunication Corporation and the Eastern Telephone and Telegraph Company of Canada. The U.S. will contribute 50 per cent of the cost while the U.K.'s share is 41 per cent and that of Canada 9 per cent. The first cable will be laid in the summer of 1955 and the second in the summer of 1956. The task is expected to be completed by December 1956. The reason for laying the telephone cable lies in the fact that the existing transatlantic radio telephone service is exposed to fadeouts.

* * * * * * *

U.S. Gross National Product: It has been estimated that the U.S. gross national product would total about $368,000 million in the calendar year 1953. This would be 5 per cent higher than the 1952 figure of $350,000 million. Personal income in 1953 is expected to total about $285,000 million or 6 per cent larger than last year's record level. Farm income, however, is expected to sink to about $16,500 million, the post-war low reached in 1949. Other features of the report include a moderate reduction of Federal expenditures for national security programmes and some declines in output and employment.

* * * * * * *

U.S. Aid to Britain: Allotments totalling $400 million were made to the U.K. during the year ended March 31, 1953, under the Mutual Security Act, 1952, including $41.9 million in respect of the American Aid (Agreed Schemes) Deposit Account. Receipts in respect of this and earlier allotments brought the total to $486.5 million.

* * * * * * *

German Export Credits: German export credits abroad are in the neighbourhood of $1,000 million mark now. At the present rate, German export credits are rising steadily at a daily rate of about $1½ million. Germany's credit with the E.P.U. now stands at $749 million, just $51 million short of the limit. A number of measures are being considered to prevent further swelling of German foreign credit which include: a reduction of credit margins of bilaterally accounting countries; adjusting of credit margins by the end of each trading year and an annual amount of 800 marks to be freely transferable by any German citizen every year to pay for his private commitments abroad.

* * * * * * *

The World Bank and the New York Money Market: The World Bank expects to offer a $100 million issue of U.S. dollar bonds on or about January 12, 1954. Maturity of the new issue is expected to be about 15 years. The bonds will be offered through an underwriting syndicate managed by the First Boston Corporation and Morgan Stanley and Co.

* * * * * * *

National Health Service and the Price Mechanism: In the U.K., under the National Health Service, spectacles, dentures, surgical footwear, artificial limbs and abdominal appliances are supplied to the patients. Since June 1, 1952, charges have been imposed on the purchase of all these, except for deaf aids and artificial limbs which are still supplied to the public free of charge. The demand for spectacles and dentures has been stabilised after the charges were imposed. The number of spectacles supplied under the National Health Service fell from 4.7 million in 1951 to 3.35 million in 1952 after the charges were imposed in April 1951. With regard to dentures, applications approved in 1951 numbered 2.3 million while in 1952 they amounted to 1.35 million.

* * * * * * *

Remodelling New Delhi Railway Station: The remodelling of the New Delhi railway station now in progress, was estimated to cost Rs. 19.95 lakhs out of which Rs. 1.39 lakhs have so far been spent. The new building will provide facilities like waiting rooms, refreshment rooms and retiring rooms for upper class passengers and will include spacious waiting halls and retiring rooms for third class passengers.

* * * * * * *

Indian Aid for Nepal's Development Projects: While helping to reorganise Nepal's army, India is also financing some of its development projects. In the two years 1951-53, Nepal spent Rs. 49 lakhs on development out of an aggragate expenditure of Rs. 2.17 crores. The balance was met through external assistance. An aerial survey of Eastern Nepal has been completed with the assistance of the Government of India and a further aerial survey of 30,000 square miles of Nepal will be finished in 1954. India is meeting the entire cost of surveying the country.

* * * * * * *

Indian Tariff Commission Review: Production costs of Indian industries, particularly labour costs, are rising. This is one of the conclusions drawn by the Indian Tariff Commission in a review covering the period October 1952 to September 1953. Several protected industries have made representations to the Commission that the liberalization of import policy has reduced or nullified the protection provided. Production increased in the metallurgical industries and in the engineering industry.

MISCELLANEOUS

A Beggar Survey in Trivandrum City: A beggar survey was conducted in Trivandrum City under the auspices of the Social Service League, University College, Trivandrum, on 12th December, 1953. A batch of two students was put in charge of the 22 Municipal wards of the city. The survey was conducted in the morning between 8 and 9 o'clock. The findings are reported as:

	Number of beggars
(A) Nature	
Male	633
Female	766
Children	675
TOTAL	2074
(B) Local (belonging to T.C. State) ..	1724
Outsiders (Tamils & North Indians)	350
TOTAL	2074

NEWS IN BRIEF

INDIAN

The Part 'B' States (Special Assistance) Inquiry Committee has recommended that special assistance should be given to Saurashtra, Madhya Bharat, P.E.P.S.U. and Rajasthan. The assistance would take the form of an outright grant of Rs. 4 crores and an ad hoc grant of Rs. 4 crores during the next two years to be spent on administrative buildings and public health service in rural areas.

* * * * * * *

A Central Conservation Board with headquarters at New Delhi has been set up by the Government of India. The Board will organise, co-ordinate and initiate research in soil conservation and assist States and river projects in drawing up schemes for soil conservation. The Central Government has provided Rs. 2 crores for soil conservation work in the First Five-Year Plan. This allocation has been subsequently reduced to Rs. 1 crore.

* * * * * * *

Dr. V. Sundaram has been awarded an I.C.I. (India) Research Fellowship by the Trustees of the Council of the National Institute of Sciences of India. Dr. Sundaram joined the Fellowship on the 7th August, 1953, and is working on "Light Scattering in Colloidial Systems" at the Institute of Science, Mayo Road, Bombay.

* * * * * * *

The percentage of foreign exchange business in sterling done by Indian banks in India was 18 as against 82 by foreign banks, while in the case of dollars, Indian banks did 28 per cent of the business and foreign banks 72 per cent.

* * * * * * *

A sample survey designed to give an idea in regard to rural unemployment has been recently undertaken by the National Sample Survey Unit of the Government of India.

* * * * * * *

The number of tubewells constructed by Messrs. Associated Tubewells Limited is 1215 and by Messrs. Harold T. Smith 755. Under the TCA, 1005 tubewells will be constructed by both contractors at the flat rate of Rs. 29,000 for a complete well with a pump set and transformer. A contract for construction of 965 tubewells was given to Messrs. Associated Tubewells in 1950.

* * * * * * *

The President has agreed that the Gold and Silver Medals to be awarded for the Low-Cost House Designs Competition organised by the Ministry of Works may be known as the President's Award: First and Second Prizes. The first prize for the best design for hot and dry regions has been won by Shri S. P. Caprihan, Executive Engineer, P.W.D., Nagpur, and the second prize by Shri J. L. Malhotra, Assistant Architect, Chandigarh.

* * * * * * *

The following table shows the number and nationality of the U.N. Observers serving with the U.N. Military Observer Group in India and Pakistan as on November 5, 1953.

	India	Pakistan	H.Q.	Total
U.S.A.	9	5	7	21
Australia	3	2	2	7
Canada	4	1	2	7
Others	6	6	1	13
TOTAL	22	14	12	48

FOREIGN

The International Bank for Reconstruction and Development made two loans to Brazil in December 1953, totalling $22.5 million. The first is a loan of $12.5 million to the Government of Brazil and the second is a loan of $10 million to the Usinas Electricas do Paranapanema S.A. This hydro-electric plant will serve the growing agricultural and urban centres and will help to electrify the Sorocabana Railroad.

* * * * * * * *

East Germany disclosing its production plans promised the populace large numbers of items ranging from shoes to television sets. To pay for growing food imports, East Germany is to expand its exports of metal products in 1954 beyond the pre-World War II figure for all Germany.

* * * * * * * *

Since 1947, suburban population in the United States has increased by some 9 million or 43 per cent. Today it numbers 30 million persons and by 1960 it is expected to reach 40 million. This 19 per cent of the nation's population earns about 29 per cent of the national income and hence influences shopping technique considerably. As a result of this shift in population, department stores have established branches in the suburbs at an increasing rate.

* * * * * * * *

The United States has given Israel $9 million in foreign aid funds to help to pay for food and raw materials being imported by that country. The money represents another slice of the $26 million in foreign aid that the Eisenhower Administration has allocated for Israel during the six months ending December 31.

* * * * * * * *

After spending £15 million on a search that has lasted fifty years, Australia has struck oil beneath the red dust of Rough Range in Western Australia. At 3,600 feet a white waxy substance was encountered and an analysis showed that it contained high grade oil. The well is now below 4,520 feet and drilling is continuing.

* * * * * * * *

The United States plans to spend about $150 million on construction of four air and naval bases in Spain in the next three years. The total bases to be built or modernised under the terms of the aid for bases agreement with Spain has not been announced, but it is reported to be seven or nine projects. They do not expect to employ at one time over 10,000 men and hope to keep the American personnel to about 25 per cent.

* * * * * * * *

Canadian production of newsprint in the first eleven months of 1953 was 5.2 million tons, which is 0.5 per cent above the comparable period last year. It has been estimated that total newsprint consumption in the U.S. for the 1953 eleven-month period was 5.6 million tons compared with 5.4 million tons in 1952.

* * * * * * * *

Israel's first paper mill has recently been opened at Hadera. The enterprise, sponsored by investors from the United States, Brazil, Australia and Israel is expected to meet most of Israel's current paper needs. Officials of the company estimate that paper imports hitherto cost Israel $3 million a year in foreign currency.

* * * * * * * *

A new concentrated fertilizer made from air, phosphorus and ammonia was described by three scientists to a meeting of the American Chemical Society. The fertilizer contains 97 per cent plant nutrients, twice as much as fertilizers generally used by farmers. The new product is designed to be effective on crops over long periods.

The United Commercial Bank Ltd.

Head Office: 2, Royal Exchange Place,

CALCUTTA — 1

Authorised Capital	**... Rs. 8 Crores**
Issued & Subscribed Capital	**... Rs. 4 Crores**
Paid-Up Capital	**... Rs. 2 Crores**
Reserve Fund	**... Rs. 75,00,000**
Total Working Funds	**... Exceed Rs. 45 Crores**

Chairman **G. D. BIRLA**

Vice-Chairman

R. G. SARAIYA **I. P. GOENKA**

Directors

M. L. Dahanukar **P. D. Himatsingka**
Navinchandra Mafatlal **A. C. Law**
M. R. Ruia **B. N. Jalan**
M. L. Tapuriah **R. L. Nopany**
M. L. Shah **G. L. Bangur**

General Manager **B. T. THAKUR**

Branches

IN INDIA: Agartala; Agra; Ahmedabad, Ahmedabad (Manek Chowk), Ahmedabad (Maskati Market); Ajmer; Allahaba · Alwar; Amritsar; Asansol; Banaras; Bangalore City; Baroda; Bhadohi; Bhavnagar; B nbay, Bombay (Chowpatty), Bombay (Kalbadevi, Bombay (Zaveribazar); Bulsar; Calcutta, Calcutta (Bhowanipore), Calcutta (Burra Bazar), Calcutta (Cornwallis Street), Calcutta (New Market); Coimbatore; Cuttack; Dehra Dun; Delhi, Delhi (Sadar Bazar), Delhi (Subzi Mandi); Deoghar; Dhoraji; Gauhati; Giridih; Gondal; Gorakhpur; Gwalior, Gwalior (Sarafa); Howrah; Indore, Indore (M.T. Cloth Market); Jaipur; Jalpaiguri; Jamnagar; Jodhpur; Kanpur; Karaikudi; Kolhapur; Lucknow; Lucknow (Aminabad), Lucknow (University area); Madras, Madras (Sowcarpet); Mathurai; Moga; Mysore; Nagpur, Nagpur (Itwari); Navsari; New Delhi; Patna; Pilani; Poona (Camp) Poona (City); Quilon; Rajkot, Rajkot City; Raniganj; Secunderabad; Shillong; Silchar; Simla; Surat; Ujjain.

PAY OFFICES: Bhilsa, Bhind, Dabra Morena.

IN PAKISTAN: Chittagong; Karachi.

IN BURMA: Rangoon; Moulmein; Akyab; Mandalay.

IN MALAYA: Singapore; Penang.

IN UNITED KINGDOM: London.

OTHER FOREIGN BRANCHES: Pondichery, Hongkong.

AGENTS; THROUGHOUT THE WORLD—EUROPE; AMERICA; AFRICA; ASIA; AUSTRALIA.

Business and Service

The Bank receives deposits, gives advances against approved securities, purchases bills, sells drafts and telegraphic transfers and transacts all types of Foreign Exchange business. Through its internal and external net-work of branches and world-wide arrangements it provides every kind of banking service.

A Window On The World

YOUR QUARREL AND MINE

By

ODYSSEUS

THE QUARRELS BETWEEN "DAWN" OF KARACHI and the Pakistan government, and between the Sydney "Morning Herald" and the government of New South Wales, Australia, have, in the past few weeks, been front page news throughout the Commonwealth, and indeed throughout the free world. Why?

The average reader of the responsible type of newspaper in all democratic countries usually takes seriously what he reads in the press, with one exception: quarrels between newspapers and governments. In such cases, he is apt to suspect that the press is not treating the quarrel on its news merits but is taking advantage of its own columns to boost its own interests. The public is therefore apt to regard such press versus government quarrels as a species of private warfare which it can afford to watch with disinterested amusement. In India, this neutral attitude is often qualified by sympathy for the government because, although a vast number of middle class Indians have spent a large part of their lives in anti-government agitations, fundamentally, the average Indian inclines to respect governmental authority, and the attitude towards government of loyal suspicion that is traditional in older democracies is not as widespread as every true democrat must hope that it will become.

Now what I want to urge here is that while there may on occasions very well be quarrels between press and government in which the public can afford to take up a benevolent neutrality, yet the normal type of such quarrels is one in which every democrat must be not merely interested, but keenly, fiercely, interested.

For the most frequent cause of press-government quarrels arises from ministerial or bureaucratic sensitiveness to criticism. And the right to criticise, to expose, to argue, and to expound alternative or unorthodox views or methods is the foundation stone on which the whole democratic structure rests.

The quarrel between "Dawn" and the Pakistan government, and between the Sydney "Morning Herald" and the New South Wales government has rightly created a stir that has spread from Pakistan and Australia to every country in the whole democratic world because it is not merely the freedom of journalists that is at stake but the freedom of every individual citizen—your freedom, my freedom.

If for a moment we examine the facts of the two cases, and glance at a third nearer home, we may see why this is so.

The Sydney "Morning Herald" published an editorial on November 17, demanding a Royal Commission to investigate allegations of corruption in the City Council. Within a fortnight, the New South Wales government had rushed through an Act making it compulsory (under pain of fines up to Rs. 13,000 and imprisonment up to one year) for a journalist to disclose to the police the source of his information about bribery and corruption of aldermen and employees of the Sydney City Council, and by December 3, the Public Prosecutor had launched an action against the editor of the newspaper. There can be few parallels of such swift retribution for those who venture to criticise Authority. Everyone familiar with public affairs, particularly affairs in which the police are concerned, knows that to say (as the New South Wales government says) that the informants of the Sydney newspapers have nothing to fear by giving their information to the police is mere sophistry. Many witnesses are ready (like those in New South Wales) to give evidence to a newspaper or to a Royal Commission or to a court of law that they would shrink from giving to the police, with all the unpleasant possibilities that might follow and from which there is usually no redress. No one wants to start a police dossier on himself.

WHAT WAS "DAWN'S" OFFENCE?

The facts of the Karachi case recall the quarrel between the "Times of India" and the Bombay government. For reasons which, up to the time when these words were written, had not been specified, the Pakistan government withdrew its advertisements from "Dawn" and from its associated paper, the "Evening Star", and forbade the representatives of these two papers to enter any government office. (How, incidentally, they are to obtain accurate information about government activities without such access is not explained). The newspapers believe that the government was angered by their defence of the sovereignty of the Constituent Assembly and by their demand that Scotland Yard detectives be employed to trace the murderers of Liaquat Ali Khan. On the other hand, the Karachi correspondent of "The Times" of London understands that the government alleges that the newspapers had thrice contravened the Official Secrets Act by publishing reports of a Cabinet meeting calculated to damage relations between East and West Pakistan.

Now, in both these cases, the governments concerned have the law of their lands to use against the newspapers if the newspapers have broken it. If the Sydney "Morning Herald" is wrong in alleging corruption against the City Council, it has libelled all the Councillors, and they can sue the paper for heavy damages; and if the action proves that the newspaper has acted mala fide, maliciously, an average jury, which is usually prejudiced against newspapers in libel cases, might well award damages on a scale which would bankrupt the "Herald" and lead to its permanent closure. Few people realise that these are the risks that a newspaper runs when it makes an exposure or a serious allegation.

In the Karachi case, the newspapers do not even know what their offence is! They suspect that it is criticism of the government, but a foreign correspondent (who, it appears, has privileges over the home press in such matters!) has been given to understand that it is a contravention of the law. Very well, then let the government prosecute the papers. Let the matter be settled by due process of law in open court where the whole world may hear and judge of the facts.

By their refusal to have recourse to the law of their lands, these two professedly democratic governments create the impression that they are in fact unable to find any law that has been broken.

And here we come to the rock bottom of the matter: for, in the Pakistan case, although no law seems to have been broken, the newspapers have been penalised by executive action against which they have no legal redress, and in the Australian case, the government has rushed through ad hoc legislation (of the most blatantly ad hoc kind that has surely ever been heard of!) to create an offence retrospectively where none existed before. From these facts it should be clear that these two quarrels (as that of the "Times of India" with the Bombay government, where execu-

tive action was taken without possibility of legal redress) are not mere private vendettas between governments and newspapers over which the average citizen can afford to indulge in a neutral chuckle. These quarrels affect your rights and mine as citizens. For, if today the government can take executive action against one citizen, or can create a new offence in order to punish another, then tomorrow the government is equally capable of depriving any other citizen of any other profession of any other right.

The fundamental position which every true democrat must defend is that no action should be punished unless it is proved to be contrary to the existing law by open discussion in a court, and that where a loophole is seen to exist in the law and some action is considered to be prejudicial to the public interest, a new law cannot be made retrospective, for the effect of a retrospective law is to make innocent people guilty, not by verdict of a jury of their peers but by verdict of a minister or a civil servant or a police officer.

A SUGGESTION TO MORARJI DESAI

When, some months ago, I expostulated in this column with the Bombay government against its withdrawal of advertising from the "Times of India," representations were made to me by persons friendly to the Bombay government to the effect that the "Times of India" deserved no sympathy because it had conducted irresponsible campaigns against the government. I regret that neither then nor since have I seen the "Times of India" regularly so that I am unable to assess these charges, but in any case they strike me as irrelevant to the principle at issue. If the "Times of India" behaved in a way that was legal but is thought to be contrary to the public interest, let a bill be framed and introduced on its merits as a non-controversial measure to take its chances in the Bombay Legislature without pressure from party whips, so that, if the elected representatives of the people approve, such behaviour in future (I repeat, in future) shall be illegal. But punishment by executive action is unjust and undemocratic.

It is for these reasons that the "Times of India" case, and now those of "Dawn" and of the Sydney "Morning Herald" have attracted world-wide attention in democratic countries. There has been a spate of editorials in Commonwealth, European continental, American, and other countries. There has been an exchange of shots between the Pakistan High Commissioner's Press Attache and "Dawn's" London correspondent in the correspondence columns of "The Times" of London (after which "The Times" gave its editorial verdict in favour of "Dawn"). Among the many editorials that I have read, one by the "Daily Herald", mouthpiece of the British Labour Party, struck me as summing up the whole problem most admirably. The "Daily Herald" said:

"Once more war has broken out between the newspapers and the State—this time in New South Wales, Australia.....

"Labour in Australia has suffered endless provocation from the press. Not a single newspaper of any size in the whole country puts Labour's case.

"Some newspapers use their monopoly of political power without scruple and often against the individuals who carry Labour's standard. They have a giant's strength and they use it like a giant.

"Even so, this does not justify the new law in New South Wales.

"If journalists were always compelled to reveal their sources, a whole multitude of facts which the public interest requires to be printed would never see the light of day. Every information would be liable to victimisation.

"The well of news—especially of any news reflecting against the government in power—would be dried up.

"So we urge Labour in New South Wales to repeal this totalitarian measure. They cannot serve Labour's cause if they reject the freedom which nourishes our democratic ideal."

The principle at issue cannot be better put.



PRESS NOTE

NORTHERN RAILWAY

Notice regarding changes in the Time Table

The important features of the changes in the Time Table that will take effect from 1-1-1954 are notified below for the information of the public:

1. **NEW TRAINS INTRODUCED:**

Nos. 419 Up and 420 Dn. Jodhpur Mails between Jodhpur and Ratangarh to the following abstract timings:

420 Dn.			**419 Up.**	
14-50	Dep:	Jodhpur	Arr:	13-0
18-7	Arr:	Degana	Dep:	9-43
18-19	Dep:		Arr:	9-31
21-55	Arr:	Ratangarh	Dep:	6-0

II. **EXISTING TRAINS CANCELLED:**

(i) Nos. 419 Up and 420 Dn. Passenger trains between Ratangarh and Degana.

(ii) Nos. 1SD and 2SD between Delhi and Shakurbasti.

(iii) Nos. 2TF and 5TF between Tundla and Shikohabad.

(iv) Nos. 3AJH and 4AJH between Allahabad and Janghai.

(v) Nos. 7BQ and 8BQ between Batala and Qadian.

(vi) Nos. 9AP and 12AP between Amritsar and Patti.

(vii) Nos. 49 Up and 50 Dn. Expresses appearing on pages 11 and 12 of January, 1954 Time Table will also not run during January and February, 1954.

III. **NEW STATIONS OPENED:**

(i) Bazida Jattan between Gharaunda and Karnal.

(ii) Kohar Singhwala between Guru Har Sahai and Jhok Tahal Singh.

(iii) Sewapuri (Name changed from Uparwar).

IV. **EXISTING STATIONS/HALTS CLOSED:**

(i) Aikar Halt between Jawalapur and Pathri.
(ii) Suaheri Halt between Basi Kiratpur and Bijnor.

V. **ADDITIONAL TRAIN CONNECTIONS PROVIDED:**

1. 420 Dn. with 402 Dn. at Ratangarh.
2. 401 Up and 419 Up at Ratangarh.
3. 309 Up with 61 Up at Ghaziabad.
4. 1SH with 9SU at Saharanpur.
5. 2SM with 4SRM at Moradabad.
6. 2BDS with 1DSU at Delhi.

VI. **THROUGH CARRIAGES EXTENDED:**

Bogie third class running between Delhi and Ghaziabad by 335 Up/310 Dn. extended to and from Meerut City.

VII. **THROUGH CARRIAGES PROVIDED:**

Bogie composite II, INT, III and bogie III Class between Delhi and Jodhpur via Ratangarh and Degana by No. 401 Up/419 Up and 420 Dn./402 Dn. trains.

VIII. **EXISTING THROUGH CARRIAGES CANCELLED:**

1. Bogie composite II, INT, Class between Saharanpur and Lucknow by 75 Up/317 Up and 2SH/76 Dn. trains.

2. Bogie composite II, INT, and III Class between Delhi and Jodhpur via Phulera by 302 Up/205 Up/403 Up and 404 Dn./206 Dn./204 Dn. trains and bogie III Class between Delhi and Jodhpur via Ratangarh and Degana by 401 Up/419 Up/241 Up and 242 Dn./420 Dn./402 Dn. trains.

IX. Apart from the above important factors, as many as 36 additional train halts will be provided while only 13 existing halts will be cancelled.

There will be slight changes in classification and numbering of certain trains also.

Numerous changes in train timings will also be effected for which reference should be made to the new Time Table to have effect from 1-1-1954, already available for sale at Railway Bookstalls.

Chief Operating Superintendent

NEW DELHI

LETTERS TO THE EDITOR

UNEMPLOYMENT AND MECHANISED PRODUCTION

Sir,

"The Eastern Economist" of November 27 carries a 'contributed' review article on Shri Chandulal Parikh's recent booklet on 'Unemployment'. The review seeks to refute his contentions and conclusions. I hold no brief for Shri Parikh, but the article in question contains certain assumptions which should not go unchallenged.

The assumptions are:

1. That the problem of unemployment in India cannot be solved by developing cottage and small-scale industries.
2. That the plea for the revival of cottage crafts at the expense of large-scale industries in untenable.
3. That the measures adopted to give relief to the handloom and Khadi industries have not improved the plight of the handloom weaver.
4. That the handloom industry is incapable of providing the means of livelihood to a larger number of people than the capital-intensive mill industry.
5. That, but for the mechanised capital-intensive mill industry, transport and other auxiliary industries would not have developed in the country.
6. That but for this mechanised textile industry, Government revenues to the tune of over Rs. 40 crores would not be available to the State in taxes.
7. That the sum of Rs. 6 crores allotted for the development of Khadi and for giving relief to the handloom industry is a considerable amount of money.

On the basis of these assumptions the writer of the article in "The Eastern Economist" builds up his central thesis of the "snowball effects" of mechanised industrial development on employment and so concludes that "large-scale industries are the products of the modern age of science and technology and any attempt to arrest their progress is as futile as King Canute's absurd effort to control the waves". He seeks sustenance for his assumptions in what Shri T. T. Krishnamachari, the Union Minister for Industry and Commerce, is reported to have said, and quotes him thus:

> "Even so-called capital-intensive industries provide ultimately for a large measure of employment. The fact that a factory with a high capital-labour ratio employs 5,000 people does not mean that it employs only 5,000. I have recently had an opportunity of visiting the Bhadravati Iron and Steel Works, Cement Works and Paper Mills, all of which employ round about 5,000 people. But in the township live 60,000 people and the activity of most people within a radius of fifty miles has some link with the Bhadravati township. If, for any unforeseen reason, work is stopped in Bhadravati, the area that would be affected would be not merely the township, but the whole range of the area fifty miles around Bhadravati. Therefore, when we speak of capital-intensive industrial units, we should not forget that they themselves provide employment ultimately to about fifteen to twenty times the labour directly employed by them. The snowball character of such industrial units should not be forgotten."

But unfortunately economic history shows that this snowball effect of mechanised industry does not always obtain. If planned on the model and scale of the American Automobile Industry of Detroit where secondary occupations in the preparation and manufacture of component parts are widely distributed among individuals and small groups, the "snowball character" can work out to sizable proportions. But where every process from A to Z is done in one and the same factory with the aid of machines, the snowball effect melts into insignificant dimensions.

On the other hand, in the short run, it may well be that such industrialisation may actually lead to contraction of employment, as recent studies of the I.L.O. have underlined. "The problem of the effects of higher productivity," says the annual report of the International Labour Organisation, "on job security is especially difficult in countries with a large amount of unemployment and underemployment. Where there is a surplus of labour, displaced workers are most difficult to absorb, and it might seem that policy in such countries should aim rather at increasing production and employment than at higher productivity. It would be inappropriate in such countries where labour is abundant and cheap and capital scarce and dear to adopt the capital-intensive and labour saving methods of production which are appropriate in such countries as the United States and Canada."

In India capital is scarce and the general poverty of a large and increasing population leaves little room for rapid capital formation. On the other hand there is plentiful labour, unemployed and under-employed. Our plan of development has, therefore, to be capital-saving rather than capital-intensive. The first important step of public policy, as the I.L.O. report pertinently says, is "to ensure that in current economic development plans an important and distinct sector is set apart for small-scale industries and assigned specific resources and its own machinery for development". The selection of specific industries will naturally depend upon local conditions and population pressures. In doing so, certain measures of protection to the cottage sector, as against the mature organised mechanised sector, will be called for so that employment opportunities are maximised.

Says the I.L.O. report: "The need for Government action is raised by the condition of certain of these industries, e.g., the handloom industry which plays an important part in maintaining rural incomes, but which are steadily losing ground to the large-scale mechanised industry. In these circumstances, an approach to tackling the problem may be made by reserving, as a transitional measure, certain sectors of production to the handloom industry". In the case of the handloom, it may be a question of reservation of production. In other cases, it may be a ceiling on production and so on. All that is contended is that once it is granted that the goal of full employment is sought to be achieved in this way, the right to control automatically follows.

However fond the dream of creating replicas of Bhadravati may be, we simply cannot do it. We do not have the capital resources for it. The Planning Commission has placed our national income at Rs. 9,000 crores. Allowing for a saving rate of 5 per cent, the capital available for investment purposes will be of the order of Rs. 450 crores. But never will the whole of it be available for investment in machine industry. Even the total capital invested in the last hundred years of industrial development in the country comes only to about Rs. 1,500 crores; and this huge investment has provided employment only to 1.8 per cent of the total working population. Future increments to investment in organised industry cannot be expected to do much better.

A hundred years ago India had an equilibrium between the agricultural sector and the non-agricultural sector. The population engaged in agricultural occupations and non-agricultural occupations was equally divided. Today the population dependent on land is computed at about 70 per cent. The rate of our population growth increases the pressure on the land and the consequent increase in the number of the unemployed further diminishes the per capita national income and the rate of saving.

In the circumstances, to reach even a semblance of equilibrium in our economy, the capital required will be of immence proportions if, that is, we are to have more copies of the Bhadravati township. Where is this capital to come from? External aid? We know what consequences follow. Even if it is forthcoming, to what extent can it meet our capital needs?

The writer makes much of the 40 crores of rupees derived as taxation from the textile industry. But who pays the taxes? The consumer. Actually, the industry should be paying much more if there was not so much tax evasion. But such huge taxes also signify huge profits and extreme concentration of wealth in fewer and fewer hands. In the meantime, what happens to the crores of displaced handloom weavers?

"Unemployment", "The Eastern Economist" article admits, "is doubtless a serious national problem, but its solution must be attempted not by turning our backs on industrialisation, but by galvanising our national economy through approved methods".

What these methods are the writer does not state. If he means creation of employment by starting public works by the State, why then does he object to a policy of cottage industrial development or to a paltry expenditure of Rs. 6 crores towards that end? If he thinks Rs. 6 crores is a lavish figure, we would like to remind him that it is hardly one per cent of the Central revenues, or roughly .007 per cent of the national income. If he is still having an uneasy conscience over this "prodigal" allotment, we would like to point out to the hundreds of crores silently paid by the people to the organised industry during the last two to three decades by way of protection that seems to have no end, by way of import restrictions, of low prices to peasants raising the raw material, by way of financial assistance through State-aided large corporations, and in a hundred other subtle ways known only to a complicated modern economic organisation.

Modern States make provision against unemployment by means of extensive and comprehensive social security measures and social services such as those adumbrated by the Labour Government in Great Britain—its "cradle to grave" social service and health programmes. We have not the resources for such an ambitious undertaking. We have, therefore, to evolve an economic system and social pattern of our own according to our resources—a pattern which will produce a sense of social security and stability. After an examination of the conditions obtaining in the country, competent authorities have come to the conclusion that the best results could be obtained by providing extensive employment opportunities to the large unemployed and under-employed population. In the development of village industries alone such opportunities exist.

The reviewer talks of the futility of ordering the tides back. Yes; while the organised industry soars to higher and higher heights, there gathers a tide of seething humanity, unemployed and uprooted from their homes and crafts. What Canute can push back this tide?

Yours faithfully,

C. K. NARAYANSWAMI,
Publicity Department,
All-India Khadi and Village Industries Board,
BOMBAY.

"DISEASE AND REMEDY"—A KEYNESIAN REJOINDER

Sir,

Even a latter-day Solomon, knowing economics too, would find it difficult to pronounce the maternity of this baby. Punctilious Keynesians would pick a hundred holes in the Plan while superior non-Keynesians have demonstrated their innocence as in the article under reference. One point that would pop up in favour of the former is the attitude of the planners themselves. It is extremely doubtful whether they would like to be identified with even respectably unorthodox economists like the Keynesians. So strong is the hold of orthodox economics in India.

But, the article under reference sees the Plan as the creation of "Keynesian Pundits" and also sees their hidden hand shaping the policy of the Finance Minister. And it is noted that at last he has decided to abandon this unwholesome influence and join the great pragmatist, Mr. Rafi Ahmed Kidwai. It will be pertinent to examine how far the contentions of the author have damaged the Keynesian doctrines.

The great Keynesian equation, as it is gratuitously labelled, viz., Income being equal to the sum of Investment and Consumption, has not proved wrong. It is merely a theoretical concept and requires considerable modification before being applied to quantitative analysis. The point about the food subsidy has nothing to do with the validity or otherwise of this form of Income analysis. It might be that the Finance Minister hoped that the withdrawal of the food subsidy of Rs. 80 crores will not affect the revenues or that compensatory factors will set in and counteract to produce the desired effects. Such faulty expectations of the Finance Minister have nothing to do with the equation which is used in static equilibrium analysis.

It is not the fault of Keynesian Economics if the Planning Commission and the Finance Minister insist on basing their plans and expectations on extremely static conceptions. Calculations have been made about revenue surplus, savings, investment and possible increase in national income on the tacit assumption that prices will not change or rather that any change in the price-level will be all along the line. It is in this spirit that we are treated to the obiter dictum that the national income will increase from Rs. 9,000 crores to Rs. 10,000 crores at the end of the five years, at constant prices. It is considered that the phrase "at constant prices" is all that is required to cover any possible effects due to a change in the price-levels of the various commodities. The largest single effect is ignored. Even if only the figures envisaged by the Plan for the primary sector come out to be realised, equilibrium will be upset. On the other hand, if the present trend persists, there will be a violent shake-up in the terms of trade between the primary sector and the rest of the economy. The former's share of 67 to 68 per cent of the national income will begin to contract. It is worth while to note that it was as low as 50 per cent in 1931 and the changes in productivity are negligible. The secondary effects of such a contraction in purchasing power, on the manufacturing and tertiary sectors with their rigid wage-price structure must be taken into account before making any guess about future income, revenue surplus or savings and employment.

Viewed against this background, the tilt at the ceterus paribus proviso is, to say the least, uncharitable. And it becomes even more so when the explanation attempted to account for the loss in revenues is wrong. It is said that the price of food articles rose consequent on the abolition of food subsidies. Assuming for argument's sake that the price of cereals rose and more was spent on food it does not immediately follow that less was available for non-food articles. It might be so for those employed in the manufacturing and tertiary trades. But their loss in purchasing power is more than compensated by the gain of the agriculturists. And being widely dispersed, it was definitely available for consumption expenditure. But the increased income of the primary producers was beyond the reach of the tax-gatherer. Further, it did not have any effect on Savings and Investment in the accepted sense of the terms. The steady worsening of the terms of trade could be said to be the principal source of disturbance in the economy. The accumulation of stocks in recent times is intelligible if we accept this explanation. As the price of foodstuffs increased there was the corresponding increase in wages, dearness allowance etc. So long as the shortage of cereals persisted the difficulty was not felt. But once the price of food grains began to fall with the first effects being visible in the open market or black market, call it what you will, purchasing power began to fall with snowball effect. Unfortunately, the wages, dearness allowance and production costs were adjusted to the peak prices and could not move down sympathetically. It is this factor of comparative rigidity in the wage-price structure that has led to the accumulation of stocks and decrease in sales.

The twin effects discernible, viz., a loss in revenue and a slump in the manufacturing trades, could be explained only this way.

Morality is a strange interloper in the field of economics. And if governments are to be pinned down to promises needless confusion is bound to prevail. A specific example will make my point clear. In the days of Sri R. K. S. Chetti and Dr. John Matthai, and to some extent in the first flush of office of the present Finance Minister, it was considered that the prevailing prices were too high and some deflation was called for. No doubt it was morally the best to be expected. And if the same zeal for moral obligations persisted there is nothing to justify the present eagerness to stabilise. If on the other hand, by a piece of artful dodging, it is explained that the Government have still not abandoned their hope of a "remedial recession", the public is being hoaxed.

The Keynesians are seldom found advocating an absolute cut in the consumption expenditure. And one of the few sins of which they are absolved is the attempt at a "remedial recession" on which hinges any significant reduction in the price-level. The proper way to secure investment is to stimulate not only consumption but also savings and enterprise. When industrial production increases the remedy is to see whether institutional action could increase off-take. The assertion that "the additional incomes dispersed are attracted more by increased expenditure on food than by increased expenditure on the products of industry" is based on the irrational feeling that the present boom in primary produce will persist. It is to be remembered that the present weighting of the terms of trade is only a flash in the pan and the long-term trend is distinctly against it.

All the same, it would be better if it is realised that the halcyon days when the cost of living is pegged and the general index is climbing are very far off. The unpractical Keynesian is at a loss to understand how it could be managed when the principal factor in the economy is the primary sector, vulnerable to the extreme. The imbalance will be even more severe where cereals are the mainstay. Burmese rice is now selling at 6 times the price in 1939 and was 3 times of the 1934 price in 1928. This is merely to emphasize the formidable job that a closed economy (all planned economies are closed economies) faces when trying to adjust with so large a primary sector. The expansion or contraction in the purchasing power caused by a gradual increase or a sudden sag in the price of food grains could never be compensated by tinkering with food subsidies or like measures. It is to be hoped that there will be an even worsening of the terms of trade in favour of the manufacturing trades with increased employment and cheaper techniques.

In conclusion, it is but fair that the exact position taken up by the Keynesians in general should be stated. They do not claim that all unemployment could be cured by adopting their remedies. The principal contribution they wish to make is to make the analysis easier and make quantitative calculations possible. To recognise the existence of under-employment equilibrium and measure the incidence of involuntary unemployment is much easier if the new Income analysis is tried.

Discussions about the remedies resulting from such an analysis have been largely confined to the cure of aggregate unemployment in highly industrialised countries. The conditions prevalent are; (1) There is the ability to save and invest. (2) The existence of skilled labour and idle productive capacity renders inflation bearable. (3) The factor of primary producers is negligible or could be controlled. (4) Wage-price rigidity is not very acute since the institutional disturbance is not much.

Sufficient attention has not yet been bestowed on clarifying the course of action for countries like India where conditions are different and far more formidable. Here we have, (1) Structural unemployment on a large scale, (2) Sectional unemployment due to faulty and insufficient allocation of resources, (3) Violent variations in purchasing power due to the predominant primary sector, (4) Lack of skilled labour and necessary capital goods, which alone can hold inflation from getting out of control, (5) Frequent problems in the wage-price structure partially due to the instability of the primary sector and, (6) Very uncertain savings and investment conditions.

The problems raised by these are extremely refractory. The crude and static conceptions underlying the present Five-Year Plan must be revised. Unless realistic adjustments are made and dynamic models visualised ad hoc tinkerings will always be necessary, even if only practical economists are put in sole charge.

The pragmatist qua pragmatist is, no doubt, the superior economic practitioner. But the detailed planner, when compelled as a creature of circumstance to become a pragmatist, does not cut a dignified figure even though the change may earn the weighty plaudits of informed journals like "The Eastern Economist." And to hunt and drag out a scapegoat in the Keynesian economics contributes neither merit nor conviction.

Yours Faithfully,

M. VENKATRAMAN.

Dated December 26, 1953.

A DELHI DIARY

A HAPPY NEW YEAR

THIS is, I believe, the first occasion on which an issue of "The Eastern Economist" has appeared (or should I say was due to appear?) on January 1. I am unable to discover if seven years ago or seven years from now this concatenation of events occurred or is likely to occur, but I have a feeling that a leap year (coming once in four!) has something to do with a jumping of Fridays. I must, therefore, take my chance as I find it. In the midst of much merriment going on all around me, I have suddenly decided to take time off to wish all my readers the best luck possible in this year of grace 1954. I dare to say it is going to be an exceptional year. Mr. Malenkov (the radio has just told me!) is optimistic, and the Foreign Ministers are meeting at Berlin on January 25. And thus in the very first month of the year there are two bull points for peace. That is a good beginning; tensions are now due to relax!

THE BATTLE OF THE BULGE

As if to add a dash of domestic optimism to the international picture, the Finance Minister spoke confidently at his Press Conference on December 29. He discerned a general improvement in the economic situation and observed that advance in the field of production had been "uniformly good". He expected prices to remain steady during the remaining period of the Plan. There was only one qualification. On one front represented by foreign exchange, he said, we were not investing sufficiently. But he refused to be depressed, and felt the "bulge" was a temporary mishap. He gave warning, however, that the Battle of the Bulge was on. If the present situation continued, nations willing to help would become diffident; a situation would then arise when the Planning Commission would have to sit down and re-examine the situation. But is the Planning Commission not sitting up (or down) already? Surely, one does not need to wait for further accumulation. The Finance Minister has indeed (see his interview with the Editor of "The Eastern Economist" in this issue!) got more than one string to his bow. But the trouble about the two distabilizers, he suggests, is that neither effects any new investment. It is not running down the balances that is important; it is running them down with additional investment in India.

I discern in the presence of this problem an absence of any bright new ideas in both official and non-official discussions. Everyone tells me that these balances will be run down, but unless it be through large new defence imports, nobody is at all precise as to how the trick is to be done. I have a (secret!) feeling that the more intelligent people have really recognised that, (with all Mr. Kidwai's success!) the only sensible thing we can now do is greatly to augment our defence expenditure. Far from considering this a misfortune, I consider it an excellent way of killing two birds with one stone. It is no use our crying out that this will hurt the Plan. I prophesy that the mobilisation of our defence resources is to be the largest element of new thinking in the next revised Plan which is (only!) some few months away.

This is not (to my simple way of thinking!) our most serious problem. Indeed it is a problem which is solving itself by gentle assistance from Pakistan and the United States. What is a most searching problem is finding the men of high managerial ability who will see these measures through. As our plans expand (every six months!), the gap they really expose is the shortage of managerial capacity of the highest order. It is reasonable to expect some diminution of the rate of rise of good managers in the private sector which is not expanding according to pre-war (or even early post-war) standards. But why is the public sector not bringing forth much outstanding capacity—at least proportionate to the massing of funds and powers in this sector? The answer was, I believe, given by implication in Sir Raghavan Pillai's most interesting Convocation address at Travancore University on December 19.

Management, I take it, is essentially the task of choosing the right men and setting them to work as a team. Who are the right men? Neither, said Sir Raghavan, the 'Yes-Man' or the 'No-Man'; essentially the man required was one who was not unduly influenced by the urge to be popular or powerful. And what about team-work? On this Sir Raghavan was outspoken. He said "We, Indians, are highly individualistic by nature and fall easy prey to forces of disunion. For many of our past misfortunes our aggressive individualism has been largely responsible. Yet, even today, in every department of life, our accepted motto seems 'every man for himself' ". This was strong criticism, but it came from so sober a source that it cannot easily be discredited. And it is permissible to draw the conclusion that Sir Raghavan was referring as much to the Civil Service as to anything else.

Men who have not learned to work in a team are naturally not the best men to obtain team-work from others. May it be that this increasing concentration on self-help (rendered individualistically!) is one of the main reasons why public management has not made greater progress than that displayed in the last few years? I have no chapter and verse to present; but I believe this to be the case. The remedy? I doubt if the proposed Institute of Public Administration is the answer. That institute may develop knowledge; but team-work is an attitude of mind. Its essence is trust; its method is consideration. And (greatly daring!) I suggest that where the trust is most required is between the politician and the civil servant, and where the method could be best employed is by a steadfast refusal of Ministers to dabble in details of implementation. I wonder whether Sir Raghavan can be thus freely translated for the general reader, and at least for one special one!

FAREWELL TO BIJAY

I should not omit, because of the deep feeling that it has caused, a tragedy which occurred in New Delhi on December 29. Lt.-Gen. Bijay Shamsher Jung Bahadur Rana, Nepal's Ambassador in New Delhi, was only 38. He was one of the most popular members of the Diplomatic Corps. He seemed to have all the diplomatic gifts; an aristocratic upbringing, great personal charm, a talent for friendliness and a genius for hospitality. When the news that he had been electrocuted in his bath by the failure to switch off an immersion heater first spread in New Delhi, it caused a profound shock. I can remember no occasion when such great feeling has been shown for a member of the Diplomatic Corps who are naturally somewhat removed from the popular mind. Many of the Gurkha soldiers lining the route to the cremation ghat were in tears and not a few people burst into sobbing as one of the longest funeral processions seen in Delhi wound its way to the Jumna Ghat. There has been a quick and quite understandable reaction against—immersion heaters!

ARGUS.

An Interview with Shri Chintaman D. Deshmukh

In this exclusive interview with Shri C. D. Deshmukh, Finance Minister of India, the Editor of "The Eastern Economist" records the second of the series of "The Eastern Economist's" exclusive interviews, the first being published in our issue of September 11, 1953, with Shri T. T. Krishnamachari, Minister of Commerce and Industry. In the present interview, the Finance Minister frankly explains his approach to various aspects of the Plan and deals in particular with the level of investment and its consequences on prices, utilisation of foreign exchange resources, import of capital goods, and the general tone of the economy on which authoritative opinion has been sought. In view of the central place that the Finance Minister occupies in the whole making of economic policy in the country, these pronouncements of policy will arouse widespread interest both in India and abroad.



1. Could you let us know in employment and per capita income terms what would be the benefits of the revised Five-Year Plan?

Shri C. D. Deshmukh: You are asking a quantitative question so to speak; indeed you are referring to per capita income. But are you referring to the increase in per capita income as a result of the entire investment in the Plan period or are you only referring to the addition to the per capita income attributable to the recent expansion of the Plan?

That's right Sir; the latter.

Shri C. D. Deshmukh: Now this recent expansion has been undertaken really to make up for the slack that has appeared in the economy. The additional investment is intended to arrest and counteract the fall in employment and incomes that would otherwise have taken place. Therefore, it is not a case of increasing the size of the Plan, other things remaining constant. In other words, we are trying to recalculate the investment necessary for attaining our targets in terms of employment and incomes in view of a new situation that has arisen. **Also, I am not sure that I can segregate the effect of what we are doing in the public sector. We have no ready formula which would enable us to reckon what the effect of this spending in the public sector on the total economy would be. What you have to consider is the aggregate level of investment and of economic activity in general in the system as a whole. The object, of course, is to step up total expenditure. By increasing the investment in the public sector, we would be enlarging money incomes in the community and then these incomes will create additional demand for consumer goods.** Therefore, business expectations may be improved and investment in the private sector may be stimulated. Then, in addition to the additional expenditure for public investment, I have also given assurances that the private sector will be assisted with loans from time to time and the effect of these also will have to be taken into account. All this, I expect, will have the effect of correcting the present slack in the economy. I am not in a position to tell you in quantitative terms what the net addition to the employment or per capita income will be.

THE THREAT OF INFLATION

2. If, as you suggest, the order of magnitude of investment in the public sector rises from about Rs. 420 to something like Rs. 600 crores per year, do you not consider that while this will secure a substantial improvement in employment and per capita income, it will increase the threat of inflation?

Shri C. D. Deshmukh: That is a matter of judgment as to whether the upward push that is given is just sufficient to tighten the slack or whether reflation will turn into inflation. That will have to be tested from time to time as you go along. There are various indices to watch. There is no means of judging in advance, except in broad terms. One has to keep an eye on price trends and one has to adjust policies in the light of available foreign exchange resources.

FOREIGN EXCHANGE RESOURCES

3. In respect of our foreign exchange resources, do you think that over the next two years we can utilise them more effectively than we have been able to do in the last 12 months?

Shri C. D. Deshmukh: Well, we have not drawn upon our foreign exchange resources at all during the last 12 months, which is another way of saying that our investment expenditure has not been wholly what it should be and that we can afford to raise the level of development expenditure. This is what we shall now attempt to do by the phasing of the Plan that we have already in mind as well as by the specific enlargement of the Plan about which figures have been given out—Rs. 175 crores. These together should, I anticipate, enable us to establish a reasonable import surplus. It may not necessarily be equivalent to what we failed to establish in the past so far as the supply of goods or services from outside is concerned because I have to keep a little cushion for commitments.

4. What are these commitments for which this cushion in foreign exchange resources has to be held?

Shri C. D. Deshmukh: I am thinking of any possible settlement with Pakistan in regard to the transfer of the remaining assets due to the State Bank of Pakistan in respect of India notes returned by them as one of the aspects of the financial settlement to be made with them. The other aspect which I have in mind in regard to this financial settlement is the repayment due to us from Pakistan of the portion of the loan—the public debt—which they have taken over, that is to say, in the Partition settlement. They were responsible for payment of instalments from August 1952. In other words, what I have in mind is that as against any cash payments that we may have to make via the Reserve Bank in respect of the assets held against notes, there would be a payment due to us by Pakistan in respect of the instalments of the public debt. I cannot say what the position on balance would be, but I should like to keep a cushion against any liability we may have to meet on this account. **The other commitment that I have in view is the urgency now of buying back our rupees from the International Monetary Fund which will cost dollars to the Central Dollar Pool, but will cost sterling to us.** It may be recalled that we had purchased in 1948—towards the middle of 1948—a round sum of about $100 million from the I.M.F. and it is high time that we thought of purchasing our rupees back as the interest charges are mounting up. For this purpose, this is a favourable opportunity because the sterling area's dollar resources are now better and we ourselves have for the moment an adequacy of sterling resources. Now, after allowing for these—and for the normal currency reserve—I do not expect that the balance that will be available will be so large as not to be absorbable or usable as a result of the increased tempo of development expenditure in the country both in the public and the private sectors. **In fact, we may soon have to face a strain on our foreign exchange resources.**

5. In other words, with the projects already included in the Plan and these commitments for which provision has necessarily to be made, you do not anticipate that our foreign exchange resources will be left unutilised over the next two years?

Shri C. D. Deshmukh: That's what I expect. A great deal depends upon our harvests. If these are as good as they have been this year, the quantity of food grains that we may have to import would be small and the same might happen in regard to cotton. That would leave a significant amount of foreign exchange resources available for use in other directions.

6. In that event, have you projects available which can be put into operation at short notice so as to utilise the resources thus made available?

Shri C. D. Deshmukh: So far as the public sector is concerned, there are a great many projects in the state of readiness for being undertaken at short notice. As you know, there was a news item recently that a team is going round surveying the power projects that are available. **Similarly, there is a great deal of information available, and investigation and other work complete, in regard to other projects like the irrigation projects, and both these types of projects could be undertaken at relatively short notice.** The direct foreign exchange content of these projects is not very large, but foreign exchange resources will be needed to meet the import needs both for consumption as well as for capital goods which arise consequentially. In other words, the improvement in the economy in consequence of the larger outlay proposed ought to give rise to requirements of consumer goods and capital goods. This year, for instance, because of the transition from the sellers' market to the buyers' market and the resulting psychology of the private sector, **the total value of the capital goods imported was, I should say, 20 per cent lower than in the previous years. The opposite might easily take place.**

THE CLIMATE FOR PRIVATE INVESTMENT

7. Do you see at the present time any signs of this revival of optimism in the private sector so far as import of capital goods is concerned?

Shri C. D. Deshmukh: I should have thought the answer to that can be given by the private sector itself. The Plan does not deal comprehensively with the private sector. We have never put any embargo on starting of new ventures or on expansions in the directions in which they are needed. **I think it is premature to form any judgment from past trends in regard to the demand for investment in the coming years because under our hypothesis this investment climate itself will have changed. My first postulate is that with our own expenditure stepped up, a great many things will happen which by themselves will bring about a change in the climate for private investment.** Therefore, apart from any resources that we might find, I should imagine other resources will also be forthcoming. I myself think that the opinion that has been expressed to you does not take notice of the change in climate that is occurring even before our eyes. **As far as I can see, the state of stock exchanges in the country is healthier than it was for some time. The rising trend in the prices of equities will, I expect, get stabilised, and will not witness a reversal. The investors share my views that with the additional investment expenditure, the general tone of the economy of the country must improve.**

A POSSIBLE RECESSION AND THE PLAN

8. All this assumes that there will be no major international recession. In the event of a serious set-back in the United States, can these Plans go through without substantial alteration?

Shri C. D. Deshmukh: In the first place, whether there will be a recession in the United States or not and how serious that recession will be must be regarded as matters of speculation. Prognostications have been made in the past and have often proved wrong. **Nevertheless, should a serious recession develop actually and should primary prices fall to uneconomic levels, then I concede that corrective measures would undoubtedly be necessary on our side as they would equally undoubtedly be taken by the country concerned. I should imagine that the fact that we have a Plan and that expenditure in the public sector is already to be stepped up substantially should maintain domestic incomes and domestic demands.** We are already moving in that direction of preparation against a possible recession. You must have observed that this is one of the subjects which is going to come up for discussion in the forthcoming Sydney Conference. We shall have the advantage of concerted thinking on this matter. In spite of all this, if a serious prolonged recession does develop against all possible expectations and a large number of countries find their export income drastically reduced, this would affect the volume of world trade and incomes. **But if one may venture on a forecast, it is hardly likely that things will be allowed to go that far.** As I say, if they do, well, then we shall have to think out the problem afresh. I do not know that thinking can at this stage go so far as to indicate how the **Plan** would then have to be modified. I suppose in that case what we would have to attend to would be our own cost structure in order to be able to sell in the world markets.

9. Would you care to say a word in conclusion about the deliberations of the Sydney Conference with special relation to India?

Shri C. D. Deshmukh: I really cannot say very much because the agenda includes various complex subjects although the main subject will be the progress made towards establishing convertibility of sterling. As you are aware, this involves consideration of a great many cognate subjects. So far as India is concerned, we would have to give an account of the state of our own economy and the contribution that our handling of our economy is likely to make towards the solution of that problem which is of common interest to all countries of the sterling area.

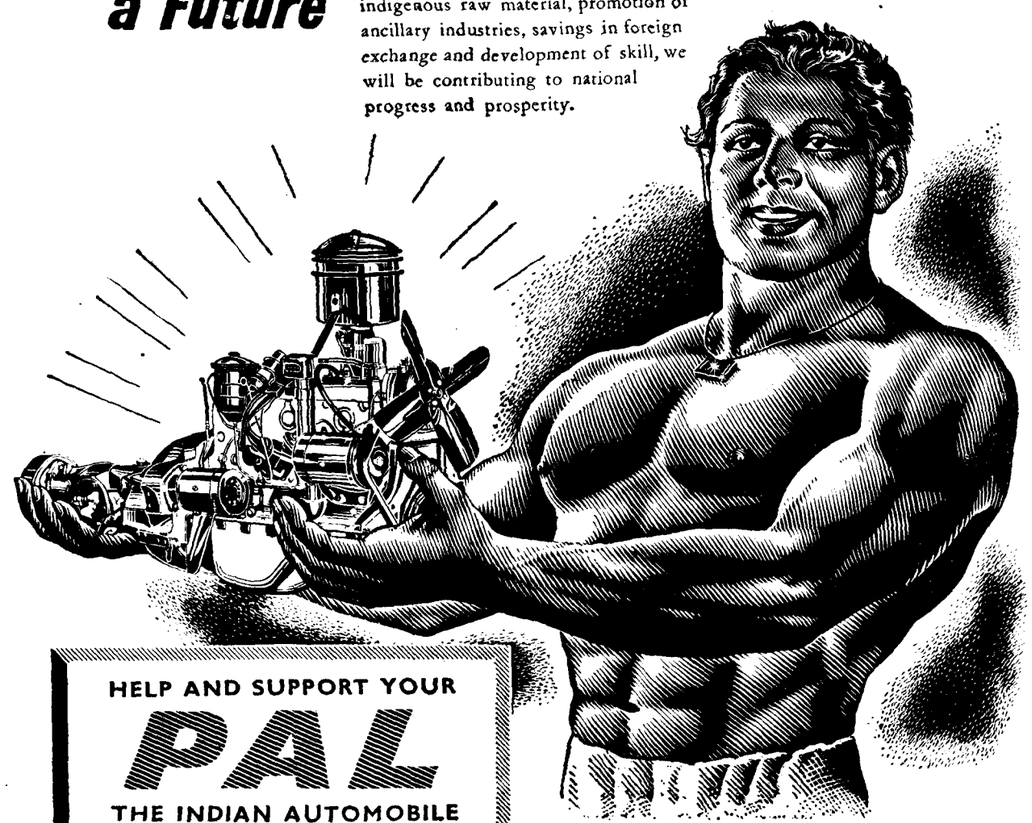
A Planned Programme with a Future

From the start of our modern, fully equipped plant in 1947, we drew up a planned programme of manufacture by progressive stages of complete trucks and cars in India.

First, side by side with assembling of automobiles, came the manufacture of component parts such as radiator, muffler, propeller shaft, leaf springs both rear and front, all steel cab, etc. This involved considerable research in designing, skill and experience in tooling and making of dies, jigs and fixtures.

The next step is the manufacture of all vital components such as **ENGINE, TRANSMISSION, REAR AND FRONT AXLES AND CHASSIS FRAME.** To manufacture all these components, indeed in the making of the entire truck and car, as much indigenous material as possible is being used. What is more, highly technical operations such as designing, tooling, casting and machining are being done by skilled Indian craftsmen sent by us for specialised training to America and the U.K.

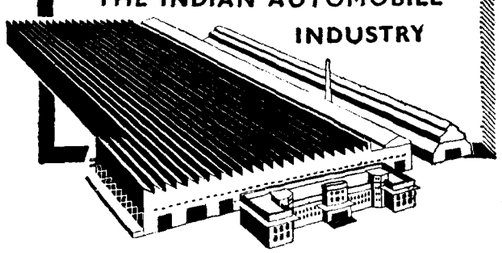
By the end of 1955, according to this planned programme, Indian made vehicles will come out of our factory to meet the ever-growing demand from road transport, bus operators, national projects and defence. Thus, through direct employment, utilisation of indigenous raw material, promotion of ancillary industries, savings in foreign exchange and development of skill, we will be contributing to national progress and prosperity.



HELP AND SUPPORT YOUR

PAL

THE INDIAN AUTOMOBILE INDUSTRY



THE PREMIER AUTOMOBILES LTD.

DODGE DESOTO AND FARGO TRUCKS • DODGE DESOTO PLYMOUTH AND FIAT CARS

SISTA'S PAL-140

THE BUSINESS WORLD

REVIEW OF RAILWAY RATES

On the 30th September, 1953, five years were completed since the new simplified telescopic continuous mileage rates for the carriage of goods were introduced on the Indian Railways. The basic new class rates, divided into fifteen categories, were arrived at without giving to industry an opportunity of criticising them and this is an important consideration to bear in mind, for although the commercial community was in agreement with the broad principles of the memorandum on the goods rating structure, prepared with the help and advice of the Secretary of the Standing Advisory Committee (Post-war Rating) it did not follow that they approved the details in full—particularly the upgrading of all the rates. Since then, integration of the former Indian State railways has resulted in an increase of rates. The rebate on the consumption of coal which was allowed to selected industries has been withdrawn. The coal freight was increased by about thirty per cent since April 1, 1952 and the freight on iron and steel from the same date. The industries protested at that time against the withdrawal of the concession in these two cases, but apparently even at the present level, the coal freight is not regarded as sufficiently reasonable, for there is some idea of increasing the freight still further in order to compensate for the increase in cost resulting from the increase in the provident fund contributions and the fall in railway earnings. Besides, there is some chance that the special treatment of coal for the purposes of fixing the standardised terminal and the short distance rates will be challenged before the Railway Rates Tribunal. The time is thus ripe for an exhaustive review of the present rating structure in the light of the needs of the Indian industries.

It is not necessary to exaggerate the case against the new system. Certainly, on the other hand, the basic principle of telescopic reductions in rates on long distances represents a great advance on the previous flat or horizontal rates. The disappearance of multitudinous railway systems has also helped incidentally to produce simplicity and uniformity. But it seems to be necessary to examine afresh at the present stage two points, namely,

(i) whether in the course of discriminating in favour of long distance carriage by means of telescopic reductions in rates, the Railways have not overlooked the need to make small distance charges also reasonable and equitable; and

(ii) whether in the interests of streamlining the rate-structure with the two objectives of simplicity and revenue in view, the need for special concessional freights in order to provide for or to encourage development has not been overlooked.

The cement and chemicals industries have recently complained to the Federation of Indian Chambers of Commerce and Industry regarding the effect of the increase in small distance rates on their costs. The demands for relief are in brief the following.

(i) the standardised terminals, and minimum short distance rates, which are already different for coal and the other commodities must be reconsidered with reference to particular commodities, where there are any hard cases,

(ii) where loading and unloading is done by the owners themselves, some concession should be granted, and

(iii) even small distance charges should be levied so as to help development, for example, the journey to a washery in the case of coal and that of washed coal onward to consumers should be treated as continuous.

As regrads (ii) namely, the need for special concessional freights in order to help in development, the basic raw materials should be moved at concessional rates and these rates should further be available where it will enable a particular industry to extend its market. For example, the Indian Foundry Association has recently asked for the restoration of the concession on long distance consignments to Bombay and Madras.

The Federation has suggested that a small committee should be set up in order to go into these matters. Two questions naturally arise. First, is the simplicity of the new rating structure of such great importance that it should override the need to provide for development? Secondly, what about the loss of revenue? The 1947 monograph put the Railways' point of view in the following words:

"The Railways could not survive for long if compelled to make adjustments that were of advantage only to their constituents, and it is in the process of carrying out adjustments that are mutually beneficial and declining to make adjustments that are not that Railways have often been accused of considering only their own interests and disregarding the wider interests of the country."

In the twelve months ended the 31st March, 1952, the cost of carriage of goods has been estimated at a little over eight pies per ton, and in at least eight categories the basic mileage rate for the first three hundred miles was less than this cost. It may be argued with justice that the first duty of the Railways is to maintain and improve capital and, therefore, to maintain revenue.

The answer to this defence is partly that there is already some traffic waiting to be carried (wagon bookings and bookings of smalls have been notoriously unsatisfactory) and this would bring in some revenue and make up the loss; partly that a rating policy suited to development would be its own justification because it is bound to lead to the expansion of traffic; partly that there is scope for economy (it has been estimated by the Indian Coal Consumers' Association, for example, that the lack of inspection before the despatch of coal for the Railways itself involves a loss of about a crore of rupees per annum); and partly that to the extent that the revenue does disappear and the operating surplus shrinks, it is inevitable that Railway capital expenditure, financed by general revenues, should play a more and more important part until such time as the country becomes fully developed and the Railway revenue is automatically adequate, reflecting the increased industrial and business activity.

The rating structure of the Indian Railways has to be fair both to the Railways and their customers and it should, therefore, be decided independently. Where rating involves fundamental development policies, the Rates Tribunal cannot be expected to decide matters and the Federation of Indian Chambers of Commerce and Industry has, therefore, done well to suggest that an ad hoc review of these matters should now be undertaken.

REFLECTIONS ON TENDENCIES IN TEA

(CONTRIBUTED)

Using a summary of observations of what has been happening to the tea industry in North-East India in the past decade, a number of tendencies emerge which have been used to establish the direction of trends and probable course of social, technological and economic developments a decade from now. The data available is neither comprehensive enough nor long enough to permit quantitative measurements. The conclusions reached, therefore, must not be taken as forecasts but as indications of possible future tendencies.

It is also necessary to make it clear that the figures wherever given are for the industry as a whole. Each district, sub-district, circle, company or individual garden will show a different experience depending upon the geographic, geological and climatic conditions, management policies, employment position and the like.

To say that garden population in North-East India during the next decade will be increasing at the average annual compound rate of 1¼ per cent is to oversimplify the matter because of tendencies in the other direction are bound to develop, such as migration and decline in recruitment.

The proportion of females to males on tea gardens will increase from 908 to 920 per thousand. Since 1881 and until the last census the sex ratio of the population in India has been declining due to too early and too many child births.

The proportion of women to men employed in the tea industry is 810 per thousand. This rate has been static for many years but labour saving changes are bound to reduce it somewhat in the next ten years.

Both the average size of families and the birth rate will show a slight decline. Life expectancy at birth will be increased from 32 years to 35 years if not more.

The average age of tea garden population is 22½. It is expected to increase to 24 by 1963.

The percentage of unproductive population (dependents) will increase from 40 to 45.

Outside recruitment has been on the decline. By 1963 it will be reduced considerably. Regions surrounding tea districts will continue to grow at the expense of tea garden population.

Judging by the course of events in the past five years one must conclude that wages will be high and will tend to go higher. Reductions in wages are not likely to occur even during periods of recession.

Diets have improved. Garden population is expected to eat more food, and have better balanced diets. Malnutrition will disappear from the morbidity lists of garden hospitals.

There will be an increase in the utilization of hospital facilities. Expenditure for medical care will be rising not because of poor health but as a result of continued appreciation of the need to improve and maintain health. At one time, malaria or "Assam Rot" accounted for about 60 per cent of the total sickness in the tea districts. The record of malaria sickness and admission rates to garden hospitals today is the lowest in India.

Medical facilities and services will remain to be of the highest standard in the country.

There will be better school attendance.

Absenteeism has been steadily increasing; today it costs the industry no less than five hundred lakhs of rupees per year. On an average a garden labourer works 235 days in a year.

Construction of houses will continue to be a problem for many years owing to lack of adequate finance and shortages of building materials. In 1950 new housing standards were introduced. At that time, 8 per cent of the houses were of the approved type. In 1953, 22 per cent of the houses conformed to specifications. By 1963, 90 per cent will be of the approved type. Similarly, in 1950 labour houses were classified into 5 per cent pucca, 22 per cent semi-pucca and 73 per cent kutcha. Today, the corresponding percentages are 8, 22, 70 and in 1963 they are expected to be 50, 20 and 30. With mechanical plucking and other labour saving schemes in mind gardens will carefully review their building programmes to see that they are not left with a large number of unoccupied houses in 1963.

There will be a certain amount of abandonment of areas under tea, particularly in Cachar, Darjeeling and Terai. There will be more concentration and the arrow points in the direction of Assam Valley and the Dooars. Acreage under tea in 1963 will show a slight decline when compared to 1953. At the same time, additional areas will be turned over to food growing.

By 1963 there will be fewer but bigger registered gardens in North-East India—probably 1,200 instead of today's 1,300.

Production of tea will be higher at the rate of ten to twelve million pounds per year. To maintain exports, and create new demand, export shipments will recede in value. Internal consumption will increase at the rate of nine million pounds per year. There will be a change in merchandising. More and more gardens will embark on distribution of tea in retail packages. This tendency will gain momentum when internal consumption is placed in its true perspective. There has been quite a change in the consumption pattern. In 1930, roughly 10 per cent of India's out-turn was consumed internally and 90 per cent exported. Today, the corresponding percentages are 33 and 67. In 1963 they will be approximately 50 and 50.

There will be many changes in labour philosophy. Relationship between unions and management will be more mature. The legalistic approach will be substituted by the problem-solving approach. Government and unions will accept the importance and necessity for the gardens to operate at a profit. All thought of the workers benefiting at the expense of the garden solvency will be eliminated. Managements will continue to devote careful consideration to human relations. The result of all this will not be a perpetual peace but a "working harmony".

Electrification will increase rapidly and hydro-electric and multi-purpose schemes will be in operation. Mechanisation will follow electrification. Natural gas will be used near the oilfields.

In the past, the major portion of the benefits from the numerous and extensive improvements in the methods of cultivation and manufacture and more skilful techniques have been dissipated in output restriction by labour and by high rates of taxes. Output restriction by labour has emerged from the pressure of population prompted by fear of working themselves out of a job and is understood in many quarters. There is less understanding of the effect of taxes and duties on the labourers' standard of living. Looking at it in its true relationship, taxes and duties are the greatest of all reducers of purchasing power. As a matter of fact, taxes and duties are largely the reason for much of the misunderstanding on wages between the garden labour and their employers. The soundness of the tea economy has been undermined by the tax structure which is stifling the spirit of the industry.

The average age of the tea bush will be lower. Higher average yields per bush and even higher yields per acre will be universal. More ingenuity will be demonstrated in cultivation, plucking, production, handling and planning. Probably no one in India has applied as much wealth, effort and technical know-how to its development and improvement as has the tea industry. Yet, today, this industry stands at the cross-roads, uncertain which way to turn. Vital and important decisions lie ahead. How they are decided will have far-reaching results.

Work and Time Study is being forced onto tea gardens by high labour cost and high rates of duties and taxes. The tea industry is now forced to use cost saving and product improving developments to improve its economic position. As soon as work studies are completed, Incentive system of wages will be introduced and applied throughout the industry. Better cost systems will be developed. New ideas and policies will provide the foundation for many changes and adjustments to meet changing conditions. The outstanding change will be the acceptance that increased productivity must lead to higher incomes for the workers and lower prices for the consumers if it is to be profitable.

Better communication and transportation facilities will be in evidence. More airports, double-track railways and better roads will be found in the tea growing districts.

The next crest in the price of tea shares is due in 1955 to be followed by a decline until a trough is reached in 1960, completing a cycle of approximately 9½ years. On an average the predominating tendency of the tea share prices is to slope upwards at the rate of 4.46 per cent per year. The ideal wave runs 132 per cent of the trend at crest to 74.75 per cent of trend at trough. In the move from trough to crest, it amounts to an average gain of 6.74 per cent per year and similarly in the move from crest to trough to a loss of 5.32 per cent per year.

As the result of the high proportion of profit paid out in taxes and duties during the past few years and the shrinking proportion saved and invested, the outlook for additional capital investment in the near future is poor indeed. There has been a dangerous "withering of capital" and the function of profits has been totally disregarded in all considerations. Unless this tendency is reversed, we will be due, sooner or later, for a rude and, perhaps, terrible awakening.

Basically, tea problems cannot be listed as new problems but rather as new expressions of old problems; nevertheless, quick and easy solutions are not to be expected. Understanding of the role of the tea industry in India's economy and appreciation of the benefits which have flowed from its efficient operation in the past will provide the best guarantees of economic soundness for the future.

THE FORT WILLIAM JUTE CO., LTD.

NOTICE

The half-yearly Ordinary General Meeting of the Company will be held at the Registered Office, No. 14. Netaji Subhas Road, Calcutta, on Monday, the 25th January, 1954, at 3-20 P.M. for the purpose of receiving the Directors' Report and Auditors' Report, passing the Accounts for the half-year ended 30th September, 1953, and transacting such other business as may be brought forward before the meeting.

The Share Transfer Register of the Company will be closed from 18th January to 25th January, 1954, both days inclusive.

By Order of Board.
For FORT WILLIAM JUTE CO., LTD.
Per Pro. BANGUR BROTHERS, LTD.
R. N. BANGUR
Managing Agents.

NOW READY

THE MADRAS STOCK EXCHANGE

OFFICIAL YEAR BOOK—1953

(Revised and Enlarged)

Containing

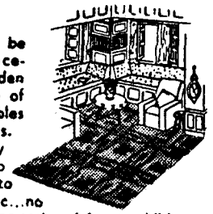
Particulars and Abridged Balance Sheets of 216 Companies Officially Listed and 45 Bombay and Calcutta Companies and incorporating figures received upto 25th November 1953.

THE MADRAS STOCK EXCHANGE ASSN., LTD.
322/3 Linghi Chetty St., MADRAS-1

548 Pages **PRICE Rs. 5**
(Postage Extra Re. 1/12.)

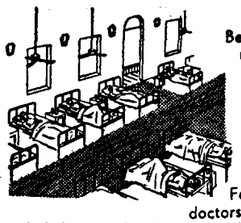
LINOLEUM—
The Versatile Floor Covering...

HOMES :



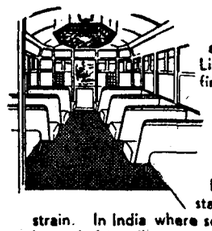
Linoleum can be laid on a simple cement or wooden floor in place of expensive marbles or mosaic floors. It is extremely comfortable to walk on, easy to clean ..hygienic...no jarring noises, no serious injury to children even if they fall. Linoleum adds colour and brightness to the home, safeguards health, promotes quiet.

HOSPITALS :



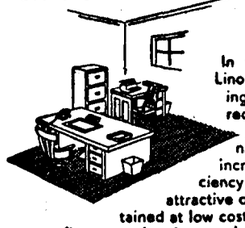
Being an hygienic, synthetic material, Linoleum is obviously an ideal floor-covering for hospitals and clinics. For nurses and doctors constantly on their feet, its "cushioning action" is a great boon; for the patients, no more disturbing noises from clattering feet.

PUBLIC TRANSPORT :



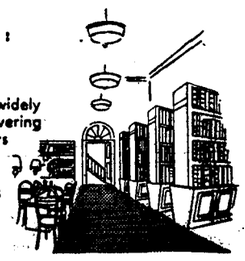
Tough, durable and easy to clean, Linoleum is the first choice for installation in public conveyances. Railway carriages, tram cars, buses.. Linoleum stands up to the strain. In India where so much luggage is carried in railway compartments, Linoleum seldom scratches or gets torn.

OFFICES :



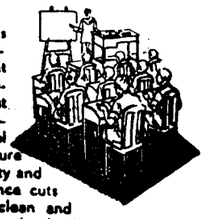
In the office Linoleum flooring effectively reduces noise and personnel fatigue, increases efficiency. For an attractive office maintained at low cost, Linoleum as a floor-covering is a real, long-term investment bringing everyday returns.

LIBRARIES :



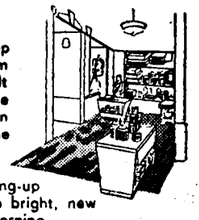
Linoleum is widely used for covering library floors because it minimises noise, makes for that quiet atmosphere so essential for concentration. No more screeching chairs or clattering feet.

SCHOOLS :



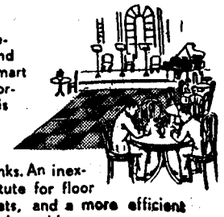
Because it reduces noise and contributes to a bright atmosphere Linoleum is a most effective floor-covering for school rooms and lecture halls. Its durability and ease of maintenance cuts costs. Easy to clean and hygienic it safeguards the health of the youngsters. Particularly suitable for gymnasiums and recreation rooms.

SHOPS :

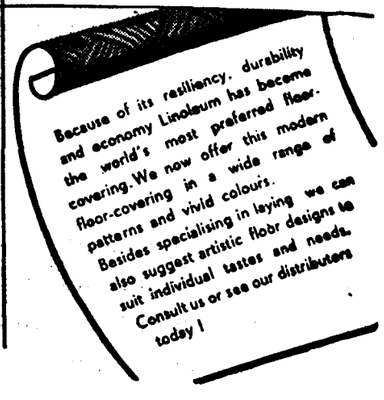


For effective decoration of shop interiors Linoleum is unrivalled. It stands up to the heavy traffic on shop floors and the constant use of counters. Wash it clean at shutting-up time, and have a bright, new floor the next morning.

HOTELS AND RESTAURANTS :



Hotel managements have found in Linoleum a smart and durable floor-covering that is easy to clean and does not soil from spilled food or drinks. An inexpensive substitute for floor rugs and carpets, and a more efficient floor-covering than either.



INDIA LINOLEUMS LIMITED

8, ROYAL EXCHANGE PLACE, CALCUTTA-1

BUSINESS NOTES

A.C.C.

The Associated Cement Companies' balance sheet for the year ended the 31st July, 1953, shows an increase of about Rs. 35 lakhs in the net revenue from the sales of cement, but the profit nevertheless declined during the year by a little over Rs. 15 lakhs as compared with the previous year. The company has expansion programmes as follows:

(i) expansion of the Shahabad Cement Works, which is already in progress,

(ii) construction of the A.C.C.'s new factory at Sindri in order to make use of the fertiliser factory's waste product,

(iii) expansion at Kistna and Surajpur,

(iv) installation of modern plants at Khalari and Sevalia, and

(v) erection of a modern firebricks factory at Katni which will be completed by 1955.

The bonus issue of one share for each of five existing shares now held in the company, to be financed from out of the premium on shares and the reserves, takes into account the need to extend capital in order to increase it to a level which will be appropriate to the present size of the company, but from the point of view of funds in use, there cannot be any substantial change, at any rate immediately, unless cement prices are increased as a result of the recent review by the Tariff Commission. The withdrawal of the concessions previously offered by the Railways on coal freight and the increase of thirty per cent in the freight charge is the most substantial item in the increase in costs, but labour costs have also gone up and this year's experience of a decline in profits, in spite of an increase in sales, would hardly provide much inducement for the industry to expand, unless selling prices could be raised and the margin of profit could be thereby widened.

INDIA STEAMSHIP CO.

Sir A. Ramaswami Mudaliar's speech at the annual general meeting of the India Steamship Co., Ltd., shows that the freight earnings, at a little less than Rs. 4 crores in the year ended the 31st March, 1953, were a record. The company has already added 'Indian Commerce' to its fleet and is contemplating the addition of three more ships. The contemplated liberalisation of the amounts as well as the period of repayment under the Government of India's scheme for assistance to shipping companies will help in this addition to the fleet, but meantime, Sir A. Ramaswami Mudaliar has referred to the restrictions which have been imposed by the Conference lines on Indian shipping engaged in international trade on being allowed to load or unload cargo as the case may be at intermediate ports. This is a wholly inexplicable restraint on the freedom of operation of Indian companies, which wastes valuable shipping capacity and results in the loss of revenue to Indian companies, thus reducing their profits at a time when they have to finance their expansion principally by means of retained earnings. It is not clear how the Government of India can help the Indian companies in overcoming the opposition of the established shippers in the Conference lines, but bilateral pacts and Government intervention intended to extend the area of restrictive business practices seem to be inevitable, as Sir A. Ramaswami Mudaliar has pointed out, if equitable rights are denied. The Conference lines must re-examine this matter in the light of the complaints which have been made, so that it may be settled within the industry itself in a spirit of goodwill.

THE TAXATION OF BONUS SHARES

In view of the number of cases in which it is proposed, subject to the approval of the Controller of Capital Issues, to capitalise reserves and to distribute them as bonus shares, the ambiguity of the reply in the course of a recent question in the House of the People will be widely regretted. The legal position at present is that bonus shares escape taxation as income in the hands of those in whose names they are issued, because they entail no release of assets by the companies issuing them. Nevertheless, in spite of this position under the Indian law and in spite of judgments unholding this legal position under British law, there is some degree of basic hostility to the capitalisation of reserves as bonus shares, as was evident in the imposition of a special stamp duty on such shares in the British budget of April 1947. Whatever justification this attempt to tax bonus issues might have had in British conditions, the conditions in India are, however, different. Here, industry is comparatively undercapitalised. The extension of the capital base by formally designating as capital reserves which are actually used as capital whether they are so designated or not is the most important means of extending investment in industry, apart from the fact that in the conditions of the equity markets in this country at the present time, tax-free bonus issues, which are exempted by law in the terms of Section 2 (6A) of the Income Tax Act, have to be accepted as very common in company finance. It would be a pity if this position were to be changed for the sake of some extra revenue or because evasion of income tax is suspected by the authorities, although there is nothing to support the suspicion.

U.S. AID FOR ROLLING STOCK

The signing of an agreement between the Governments of the United States and India on December 24 last for specific appropriation of a sum of $21 million or Rs. 9.5 crores for the purchase of locomotives and wagons for Indian railways has an important bearing on accelerating the rate of the rehabilitation of this country's railway system. Authorisation for this appropriation comes out of the amount of $89.1 million of economic and technical aid by way of outright grant made by the United States Congress in August last.

The new source for expenditure has enabled the Railway Ministry to purchase from any country on the basis of competitive prices and suitable dates of delivery a total of 100 W.G. locomotives and 5,000 goods wagons divided in equal proportions between broad gauge and metre gauge requirements. Repeated reviews of the rolling stock position made on behalf of the Railway Ministry in the last two months disclose its concern over the state of the stock. At the beginning of the Five-Year Plan the holdings of goods wagons were estimated to be 199,094, of which 73,371 were expected to be overaged during the five-year period. Wagons ordered in the first three-year programme were 32,293 to which the programme of the next two years will add 29,000, leaving a balance of 12,078 still due for replacement. How long this process of clearing the accumulations of replacement will continue is left to anybody's guess and the Ministry's communique passes to the complacent conclusion about meeting the normal annual replacement demand of 6,000 wagons from home production. As regards locomotives, the first three years' programme has made a provision for the purchase of 769 locomotives which together with the next two years' procurement of about 500 locomotives will still leave 1,500 in an overaged condition at the end of the Plan. The present average age of locomotives in service is 30 years, and once it is reduced to 20 years (when

it will be so reduced is not estimated), the normal yearly replacements of 200 locomotives will be met from domestic manufactures.

The most significant admission made in this behalf is that after arrears of replacement are cleared and the position is improved to a locomotive stock of 78,000 with an average age of 20 years, railways will be sufficiently equipped to lift the present level of traffic offering. If this estimate of capacity is correct, it only means that the higher volume of traffic that will be created will have to look to other forms of transport for clearance.

TEA EXPORTS

The continuous and progressive bullish trend in the tea export market is obviously a reflection not only of the firm demand in the auctions at London but of the sustained levels of the entrepot trade there. How rapidly the spurt in exports shot up is indicated by the quotations between early November and the end of the third week of December. While business in the export quota was transacted at 18 pies per lb. early in November, the level shot up to 40 pies per lb. towards the end of the third week of December. The implications of the demand from London were clear and the Government of India took the appropriate action in announcing a higher rate for exports from 122 per cent of the standard exports to 125½ per cent, raising the exportable volume from 424.86 million lbs. to 437.05 million lbs. This liberalisation will have the effect of reducing the export price of tea to healthier levels, but the net gain from a higher volume of export is obvious. Transport facilities for tea in this season have been much better than last year and the season's output is expected to be disposed of practically by the end of February.

Demand from Ireland and Egypt has continued to go up. But what is of direct significance is that market studies in North America have disclosed that exports to the United States and also to Canada can be pushed up, given an energetic and vigilant drive. The overseas prospect for tea has been made still brighter by the Indo-Russian trade agreement which includes tea among the exports to the U.S.S.R. The size of the probable demand from that country will be revealed after some time, but this new market has strengthened the outlook for tea overseas. This rising demand must inevitably produce its repercussions on the volume, quality and prices of the supplies for the home market. The case for regulation of output, arranged on a voluntary basis by North Indian planters with sufficient justification before, will now lose ground and in any event in the interest of stimulating a higher volume of exports as well as safeguarding domestic supplies this limitation will have to be abandoned. Of equal importance is the need of vigilance on the price levels for the home consumer.

SUGAR POLICY

Sugar still continues to be in search of a stable policy and if the short debate in the Council of States is a sufficient indication, a stable policy will not be possible for some time more. Mr. Rafi Ahmed Kidwai explained the position as regards imports. In the first instance, one lakh tons of sugar were imported, to be followed by a second instalment of import of an equal quantity. In the meanwhile, as overseas prices of sugar declined, and since the first two purchases were made at prices much above the home prices, an additional quantity of half a lakh tons was ordered. The total imports, in this way, added up to 2.5 lakh tons.

The imported quantity was earmarked for distribution at the port towns and the adjoining coastal region. This was not solely because provision of transport facilities had created shortages and disturbed the distribution plan but because sale of imported sugar in the interior areas would have increased their cost and in turn necessitated further burden to eliminate the disparity between prices of home supplies and imports. The alternative to imports was reimposition of controls, which, apart from the difficulties involved in securing a balance between supply and requirements at reasonable prices, would have served no immediate purpose except sending stocks underground. The plain truth is that consumption habits have brought about an increase in the normal demand and so long as it is necessary, the shortfall will have to be made good by imports. This is as far as the prospect in the near future is concerned. For a permanent solution two things seem necessary. More intensive methods will have to be found out by cane research to augment in the sucrose content and to rectify the defects of overconcentration of the industry in the North. The second objective cannot be achieved easily, but the trend for transfer of sugar factories to the South should be given all needed encouragement. Mr. Kidwai revealed that a beginning in this desirable change seems within sight and some factory owners in the North have already applied their mind to it.

AUTOMOBILES AND TRANSPORT

It was inevitable that two spokesmen of the automobile manufacturing industry should feel constrained to re-emphasize the urgency of modification of Government's policy on automobile manufacture and what is intimately connected with it—motor transport. Government's decision of allowing five firms to assemble vehicles and to permit import of automobile components for assembly shows lack of a realistic appraisal of the problem. In the light of the hard fact that the capacity of the two manufacturing units is 60,000 vehicles, as against the present requirements of not more than 12,000 vehicles, both the spokesmen have rightly questioned the justification of the policy of granting latitude to assemblers.

Mr. B. M. Birla, as the President of the Automotive Manufacturers' Association of India, has rightly chosen to touch the broader and long-range aspects of the manufacturing industry and has reiterated the urgency of making readjustment in motor transport policy without any further hesitation. Since the inclusion of road transport in the official 11-point plan to counter unemployment, no positive action has been taken to stimulate the motor transport component of road development. The size of the direct and indirect employment created by the industry has been estimated by Mr. Birla at 160 persons per 100 vehicles. If this source of employment is not being fully tapped it is largely because of the neglect of motor transport. At the present time 30 per cent of capacity of buses and vehicles with private owners is said to be lying idle. The question remains unanswered why the Planning Commission's exhortation to halt nationalisation of motor transport is being conveniently ignored. Elsewhere in this column reference has been made to the purchase of railway rolling stock from the United States economic aid fund where official estimate admits the lag between railway transport capacity and the traffic demand on it even after acquisition of stock by the end of the period of the Plan. The need for removing the present handicaps to motor transport could not be underlined more clearly than by this bare truth.

GOVERNMENT OF IRAQ

DEVELOPMENT BOARD AND MINISTRY OF DEVELOPMENT BAGHDAD, IRAQ.

TENDER NOTICE

ESTABLISHMENT OF A COTTON TEXTILE FACTORY AT MOSUL, IRAQ.

The Development Board, Baghdad, Iraq, invites tenders for the establishment of a Cotton Textile Factory at Mosul, Iraq.

The work is sub-divided into the following sections. Tenders may be submitted for one or more sections. Each section will be considered separately:

SECTION A: Design and construction of a building, water supply and distribution, sewage disposal, roads and fencing and other civil engineering works.

SECTION B: Supply, erection and putting into operation of plant and machinery for spinning, weaving and finishing and fire-fighting equipment.

SECTION C: Alternative I — Supply, erection and putting into operation of plant and machinery for (i) Air-conditioning; (ii) Electric power house, sub-station, power and steam distribution and lighting; (iii) Workshop.

SECTION C: Alternative II — Same as above, but excluding power house and including process steam boilers.

Tender documents consisting of Instructions to Tenderers, General Conditions of Contract, Form of Tender, Technical Specifications and Drawings can be inspected and purchased (I.D. 5) from 1st of December, 1953, to 31st of January, 1954 at:

The Ministry of Development, Baghdad.

The Embassies and Legations of Iraq or of Countries representing Iraqi interest in London, Washington, New Delhi, Paris, Rome, Bruxelles, Bonn, Bern, Amsterdam, Copenhagen, Stockholm and Tokyo.

Messrs. Ibcon Limited, 3, Queen's Road, Bombay, India.

O.D.M. Lingeman Esq., Ibcon Representative, Yateley, Surrey, England.

Albert Ramond and Associates, Chrysler Building, New York 17, U.S.A.

Tenders must be submitted in sealed envelopes marked "ESTABLISHMENT OF A COTTON TEXTILE FACTORY AT MOSUL, IRAQ" tothe Ministry of Development, Contracts Section, Baghdad, Iraq, and will be received up to noon on the 1st of March, 1954. The tenders for section A should be submitted together with a deposit of 10,000 Iraqi Dinars either in cash or by a letter of guarantee from an approved bank established in Iraq.

Particular attention is drawn to the fact that tenders will only be accepted from firms of contractors who have previously executed works of a similar nature and magnitude.

The Development Board does not bind itself to accept the lowest or any tender.

The Minister of Development

BAGHDAD, IRAQ.

COMMODITY NEWS AND NOTES

FINAL ESTIMATE OF JUTE

According to the Directorate of Economics and Statistics, Ministry of Food and Agriculture, Government of India, the all-India final estimate of jute for 1953-54 puts the area and production at 1,196,000 acres and 3,128,000 bales (of 400 lbs. each) respectively as against the partially revised estimate for last year of 1,817,000 acres and 4,605,000 bales, thereby showing a decrease of 621,000 acres or 34.2 per cent in area and 1,477,000 bales or 32.1 per cent in production.

The decline in acreage and production of jute has been reported by all the jute-growing States; it is, however, more marked in West Bengal and Bihar and is due mainly to unfavourable weather conditions and low prices of jute at the time of sowing. In parts of West Bengal and U.P., the crop also suffered to some extent from floods and attack of Semilooper pest.

WOOL EXPORTS

It was announced recently that shippers of raw wool who may not have made any shipments during January-June 1953, but have exported during January-June 1951 or January-June 1952, would be considered for export allotments. It has now been decided that such shippers should also be granted export allotments up to 60 per cent of the shipments effected by them during the period January-June of 1951 or 1952. Another announcement stated that exports of wool waste would be licensed freely for shipment up to December 31, 1953. As a result of a further review, the Government of India has decided to extend the free licensing of wool waste for shipment up to June 30, 1954.

SECOND ESTIMATE OF MESTA

The all-India second estimate of mesta, 1953-54, puts the area and production at 349,000 acres and 539,000 bales of (of 400 lbs. each) respectively as against the corresponding estimates of 369,000 acres and 560,000 bales, thereby showing a decrease of 20,000 acres or 5.4 per cent in area and 21,000 bales or 3.7 per cent in production. The decline in acreage and production of mesta during the current year has occurred mainly in Bihar, Orissa and West Bengal and is due to unfavourable weather conditions at the sowing time. The decline in production has, however, been offset to some extent by increases reported by Andhra and Hyderabad. This estimate covers the period generally up to the end of October or beginning of November 1953. Till then, the condition of the crop was reported to be generally satisfactory. This estimate does not cover the entire area under mesta during 1953-54. Some late varieties of this crop are also grown in certain States. Complete data regarding the estimates of acreage and production will, therefore, become available in the final estimate due in March, 1954.

ADDITIONAL EXPORT QUOTA IN BENGAL DESHI COTTON RUMOURED

Reports are current that the Union Government will allow further export of 50,000 bales of Bengal Deshi. A decision in this connection is expected soon. It is stated that mills have taken practically the entire quantity of this variety of cotton which they are in a position to consume and that, therefore, the permission to export the additional quantity would not lead to a sharp rise in prices. Moreover, the authorities are stated to be feeling that no more time should be lost in disposing of the surplus of Bengal Deshi in foreign markets.

SECOND ESTIMATE OF SUGARCANE

According to the Directorate of Economics and Statistics, Ministry of Food and Agriculture, Government of India, the all-India second estimate of sugarcane for 1953-54 puts the current year's acreage and production at 4,101,000 acres and 5,100,000 tons (in terms of raw-sugar or gur) as against the adjusted second estimate of 4,228,000 acres and 4,990,000 tons respectively for 1952-53. The current year's estimate, therefore, shows an increase of 2.2 per cent or 110,000 tons in production over last year in spite of a decrease of 3.0 per cent or 127,000 acres in area.

The standing crop has been reported to be good in Uttar Pradesh, Madras and Andhra, and these States have mainly contributed to the increase in production. Bihar has reported a decline both in area and production, mostly due to adverse weather conditions. This estimate covers the period generally up to the middle of October 1953 and does not cover the entire area sown to sugarcane crop during 1953-54.

DYESTUFFS INDUSTRY

Mr. M.D. Bhat, Chairman, Indian Tariff Commission, while opening the Public Inquiry into the dyestuffs industry observed that the establishment and gradual building, up of a key industry like the dyestuffs industry in India is a very big enterprise and if it is to succeed, those engaged in it will have to lay the foundations securely and also make sure that in due course it finds its roots in the country and derives its sustenance from the organic and inorganic chemical industries developed within the country.

EXPORT OF CHROME ORE

The Government of India have decided to allow export of a quantity of 15,000 tons of Chrome Ore, irrespective of the grade, during the period January-June 1954. Exports will be permitted by established shippers and mine-owners with ready stocks. Allotments will be made to established shippers on the basis of 100 per cent of half of their best year's exports during any one of the four financial years ending March, 1953.

THE CENTRAL BANK OF INDIA, LIMITED

(Established December, 1911)

Head Office: Mahatma Gandhi Road, Fort, Bombay-1.

Authorised Capital	**Rs.**	**6,30,00,000**
Issued Capital	**„**	**5,77,50,000**
Subscribed Capital	**„**	**5,76,66,125**
Paid-up Capital	**„**	**3,14,54,250**
Reserve Fund and Other Reserves ..	**„**	**3,99,37,832**
Deposits as at 30-6-53	**„**	**1,34,87,23,722**

DIRECTORS:

Sir Homi Mody, K.B.E. (Chairman)
Dinshaw D. Romer, Esq.
Bapuji D. Lam, Esq.
Dharamsey Mulraj Khatau, Esq.
Cooverji Hormusji Bhabha, Esq.
Manmohandas Madhavdas Amersey, Esq.
C. P. Wadia, Esq.
H. C. Captain, Esq. (Managing Director)

Branches and Pay Offices in all important cities and towns of India, Pakistan, Burma and in London.

London Branch:

159, Fenchurch Street, London, E. C. 3

New York Agents:

The Guaranty Trust Co., of New York.
The Chase National Bank of the City of New York.

Banking business of every description transacted on terms which may be ascertained on application.

H. C. CAPTAIN,
Managing Director.

COMPANY MEETING

INDIA STEAMSHIP COMPANY, LIMITED

Freight Earnings Rise: Cash Resources Satisfactory

SIR A. RAMASWAMI MUDALIAR SURVEYS SHIPPING PROBLEMS

Addressing the Shareholders of the India Steamship Company Limited at its Annual General Meeting held on December 10, 1953, Sir A Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon.), chairman of the Company, said:

Gentlemen,

The Audited Accounts and Directors' Report for the period ending March 31st, 1953, has been in your possession for some time. With your permission I shall taken them as read.

TRADING EXPERIENCE

It will be noticed from the Directors' Report that the freight earned during the year is Rs. 3,93,00,000, the highest freight earned so far. Conditions during the year were not, however, uniform, the rates of freight as well as charges for bunkering having varied during the course of the year. The turn-round of the ships took a longer time owing to delays and detentions at some of the ports resulting in the time taken for a round voyage by a ship being longer than estimated. This in its turn presented a serious problem to the Operation Department in its attempts to keep a regular schedule of service at both ends of the voyage. The expenditure under salaries and wages and under bunkering charges shows an increase over the former year and is due to rates of pay being revised in some cases and to the normal increase due to the earning of increments. Insurance premium also was higher as owing to the prevailing cost of ships the amount for which the fleet was insured had to be raised. It is gratifying to note that in spite of all these factors the Company has made a gross profit of Rs. 59,00,000.

FINANCIAL POSITION

In accordance with the decision of the Board of Directors which was announced at the last Annual General Meeting, the Debentures amounting to Rs. 25,00,000 have been fully redeemed. The Directors have provided the normal Depreciation of Rs. 23,00,000 and have transferred a sum of Rs. 18,00,000 to the General Reserve, bringing up that Reserve to Rs. 50,00,000. The cash resources of your Company are, therefore, in a satisfactory position.

COASTAL TRADING

In my last Address I referred to the part which your Company desired to play in the Coastal trade of the country. We had put one of the ocean going vessels—the 'INDIAN IMPORTER'—on the Coastal trade but your Directors felt that there was need for putting a smaller vessel also on the Coast and the nearby trades and, therefore, taking advantage of the Government's policy of offering loans for the purchase of vessels both Coastal and ocean going, your Directors have purchased a vessel built in 1952 and christened it the 'INDIAN COMMERCE'. This vessel is now regularly plying on the Coast of India and may also be utilised for trade between India/Burma or Ceylon.

DELAYS AT PORTS

The delay caused at some ports in getting berths and in discharging or loading freight has been referred to in previous Addresses. The 'go-slow' tactics adopted by dock labour has been causing serious concern to all Shipping companies. An additional factor, which has recently emerged and which is equally disturbing owing to its effect in delaying ships, is the dispute about the number of gangs that must be employed for a particular load. I do not wish to go into the details of this question as I understand the subject has been referred to Government. I can only say that your Company along with others desire to co-operate in providing all reasonable salaries and amenities to labour but wish also to emphasize that the labourer must be worthy of his hire and that he should do that amount of work which may reasonably be expected of him.

SHIPPING INDUSTRY

I referred to the sympathetic attitude of the Minister of Transport and of all the officers concerned with Shipping in my last Address. I am glad to report as a redeeming feature in the situation that this sympathy continues to be extended and that the Minister of Transport, the Secretary of the Ministry, the Director General of Shipping and other officers connected with the Ministry have shown a deep and abiding interest in the progress and welfare of Indian Shipping and in its expansion.

LOAN FOR DEVELOPMENT OF SHIPPING

The Five-Year Plan has stated that there should be at least 600,000 tons of Indian Shipping owned and operated by Indian Shipping companies by the end of the period of the Plan, i.e., by the end of 1955-56. The present tonnage of Indian Shipping is about 400,000 tons and it is obvious that if this has to be increased by another 200,000 tons within the next two years, both Shipowners and Government have to play their part in obtaining this result. At a recent meeting of the Consultative Committee on Shipping held at Bombay, the Minister of Transport exhorted the Indian Shipping companies to make progress in adding to their fleet and increasing the Indian tonnage, and stated that the Government would consider the grant of liberal loans for the purpose. Your Company had taken advantage of this policy of the Government at an earlier stage and had bought the vessel the 'INDIAN COMMERCE'. It is now negotiating for the construction of one vessel at least and perhaps two vessels of 10,000 tons d/w, equipped in the most modern way, at one of the Continental Shipbuilding Yards and is in communication with the Government of India for the grant of an appropriate loan on suitable terms. We hope to have the Government of India's approval for the loan very shortly, in which case the vessel or vessels will, it is expected, be delivered by the end of

1954 or very early in 1955. It would be clear from what I have stated already about the operation difficulties with the fleet which we now possess that it has become an acute necessity to add to our fleet and to maintain a regularity of service, if we have to fulfil the requirements of the shippers at either end.

HINDUSTHAN SHIPBUILDING YARD

As you are aware, the Government of India has taken over the Shipbuilding Yard at Vizagapatam and with expert foreign advice and assistance is engaged in expanding and improving the Yard. It is expected that the Yard will be in a position to build shortly not only coastal vessels but ocean going vessels of the requisite tonnage. The need for supporting the shipbuilding industry in the country hardly requires emphasizing. Indian Shipping companies are naturally expected to place orders for ships at Vizagapatam Shipbuilding Yard. Your Company desires to play its part in promoting this industry and has, therefore, agreed to place orders for further ships at this Yard. It is expected that such orders as are placed will be completed by the Yard in 1956 or 1957.

COMPETITION

The boom period which prevailed in 1951 and in the early part of 1952, as much in Shipping as in other industries, has practically ended and Shipping companies are facing severe competition. This competition is not always fair, notwithstanding the rules of the Conference and in addition where newcomers are concerned with their small fleet and the consequent infrequency of service, advantage is inevitably taken by owners of some large fleets. There is all the more reason why your fleet should be strengthened and the number of vessels on the India-U.K.-Continent trade increased. The Board of Directors are well aware of this fact and are taking all possible steps to meet the situation and I trust I shall be in a position at the next meeting to place before you concrete facts about substantial additions to your fleet.

CONFERENCE MEMBERSHIP

I referred on the last occasion to the applications that your Company has made for the privilege of becoming a member of certain other Conferences. These were the Colombo-U.K. Conference, the U.K.-Colombo Conference, the Colombo-Continent Conference, the U.K.-Port Sudan Conference and the U.K.-Aden Conference. It will be noticed that all these Conferences relate to ports which are on the route from India to the U.K. or Continent, ports at which normally the Indian Shipping Lines have to call on their way to or from the U.K. or the Continent. I deeply regret to state that we have made no progress in the matter of admission as members to any of these Conferences. I feel that the time has come when a plain statement of facts should be placed before the public in this country and before our Shipping colleagues in the U.K. in particular. The facts are these. The Indian Shipping companies have been allowed into Conferences which regulate the trade only between Indian ports and ports in the U.K. or on the Continent. They are not allowed into any Conference which regulates the trade between a wayside port on the normal route of Indian Shipping companies and any port in the U.K. It will be crystal clear that where trade emanates in India and is destined for any port in the U.K. or emanates from the U.K. with India as its destination, it would hardly have been possible even for the powerful U.K. Shipping Lines to have refused membership to the Indian Shipping companies. Indeed, even here membership was not allowed to the Indian Shipping companies till a guarantee was given that a certain number of ships would be regularly plying on this trade. But, notwithstanding the fact that India is a member of the British Commonwealth, the U.K. Lines have consistently refused to allow the Indian Lines membership of any Conference where the trade regulated does not emanate from an Indian port but emanating from a wayside port ends in a U.K. port or emanates from the U.K. and ends in a wayside port. The practical picture which arises out of this situation is as follows. Indian Shipping Lines can carry freight from an Indian port to Colombo, Aden, etc., but after discharging that freight they cannot carry further freight from such ports to any of the ports in the U.K. and, therefore, will have to go in ballast to that extent. Conversely, from the U.K. Indian Shipping can only carry freight to India and Pakistan and cannot carry any freight to the wayside ports including Port Sudan, Aden and Colombo. I can only hope that Shipping companies particularly those of the U.K. will review this situation and abandon an absolutely untenable and almost an unfriendly attitude, and trust that it will not be the painful duty of Indian Shipping companies to break into a Conference arrangement by which certain interests are safely entrenched.

I.M.C.O.

I have on more than one occasion referred to the Organisation which is contemplated for regulating maritime affairs and to the suggestion that the Government of India should seriously consider the desirability of becoming a member of the International Maritime Consultative Organisation. At long last it looks as if this Organisation will come into existence during the course of the next year, as the main difficulty of securing membership of seven countries with more than one million tonnage seems to have been resolved. Whether India should become a member and the practical steps it should take before accepting such membership are matters which are under consideration of Government. It is my firm conviction that India will stand to lose much even if she does not gain anything by not becoming a member of this Organisation at the appropriate time.

STATE INTERVENTION

It has become the fashion at annual conferences of the International Chambers of Commerce and of the International Shipping Federation for certain members who are safely entrenched in trade and in shipping particularly, to raise the question of 'flag discrimination' and to suggest that certain Governments have resorted to them by certain practices. The members who raise these questions overlook the fact that the practices complained of and many other practices far more serious and restrictive were resorted to by their own Governments in the not distant past and that these practices really enabled the shipping industries of such countries to attain their present position. Far more important and inexplicable is the fact that no reference is made to the restrictive business practices which are resorted to by some of the Shipping companies which have established themselves in the past. Having attended some of these Conferences and having followed closely the attitude of the Government of India in the bureaucratic past as well as in the present Republican Democracy, the representatives of Indian Shipping companies can certainly state that the Indian Government has been so scrupulously fair, so concerned about allegations of 'flag discrimination' that it has ignored rather than furthered the primary claims of Indian Shipping, claims which are recognised directly or indirectly by almost every Government in the world interested in its National Shipping. The loan that the Government of India has promised for developing

the Indian fleet will not I believe be called a case of 'flag discrimination' by any Shipping company of any nation, as in the recent past practically every Government has given liberal loans to its Shipping companies. Indeed it is an open secret that some Governments at least have no intention of requiring these loans to be repaid. In the International Conferences referred to above, the bilateral treaties of commerce which the Government of India has sometimes entered into with different countries have sometimes come in for criticism. A clause in such treaties speaks of each Government undertaking to help the National Shipping of the other Government as far as possible. That this clause has practically remained a dead letter and that no way has yet been found whereby the promises held out in the signed treaties can be translated in practice, does not disturb the critics. It is only further proof of the fact that vested interests will go to any length while maintaining their past position and in fact trying to improve on it by various methods of indirect discrimination, to cry out before they are hurt and to condemn Governments and Shipping companies without the slightest justification. I have always held the view that the mercantile fleets of various countries should be allowed to develop in their own way without restrictions or interventions by Government but I have also held the view that the phrase 'freedom of the seas' should not be a pious expression but should have a purpose and a meaning which no one can cavil at. The more I see of 'restrictive business practices' by well established shipping concerns, the longer I follow the proceedings of Conference Lines and the manner in which applications for membership are dealt with, the more I am convinced that it is only the strength of a powerful fleet backed up by its Government, which seems to influence some at least of the members of a Conference to accept proposals made by such, a fleet. It is a sad reflection that strength only pays and justice or fair play are sometimes secondary considerations in arriving at decisions. I trust that the lessons that Indian Shipping companies have learned during the past few years will be taken note of by the Government of India and I trust even more that Conferences will even now adopt attitudes which will make it unnecessary for National Shipping concerns to invoke directly or indirectly the intervention of their respective Governments.

INDUSTRIAL DEVELOPMENT AND SHIPPING

India is now in the process of vast industrial development both in the public and private sector. So far as the public sector is concerned Government have undertaken the starting and development of certain essential industries. The huge steel factory that is intended to be set up at a cost of nearly Rs. 80 crores, the integrated coach building factory near Madras, the explosives factory shortly to come into existence, the three oil refineries which will refine crude oil and other Central and State concerns which are under execution or are being planned will involve the import of plant, machinery and other materials in vast quantities. I trust that Government have paid some attention to the means of transport to be employed for the carriage of the vast amount of materials, plant and machinery which will have to be imported into this country in connection with these many schemes. Here is an opportunity for the Government of India without any reference to trade clauses, to provide that Indian Shipping gets a fair share and not a monopoly of the freight which has to be imported in connection with schemes which the Government of India is finding the money for.

TRIBUTE

I have already referred to the special interest that the Minister of Transport has shown in the progress of Indian Shipping and in additions to the Indian fleet. The Director General of Shipping and his assistants have been always co-operative and I should like to thank them all for the advice and assistance that they have given to your Company from time to time. I should also like to refer to the co-operation that has been extended to your Company as indeed to other companies, by the Port Trust authorities at various ports and in particular at the port of Calcutta. To the shippers who have patronised us both here and overseas and who have been loyal to us throughout, we are extremely grateful. But for their consistent support which I hope will be copied by other shippers we could not have made the progress shown in this Report.

It is no conventional language that I am indulging in when I state that I should like on your behalf and on behalf of the Directors to convey our thanks to the Executive and Supervisory staff and to all employees of the Company both ashore and afloat for their good and enthusiastic work throughout the year.

I shall now be pleased to answer any questions that the Shareholders may wish to ask regarding the Accounts.

The Eastern Economist Gift Subscriptions

An Ideal Gift for the New Year

"The Eastern Economist" is continuing this year its gift subscription scheme which it commends to its permanent subscribers who may be seeking suitable gifts for their friends for the New Year.

According to this scheme any subscriber of "The Eastern Economist" may take out one or more gift subscriptions for friends at a reduced rate of Rs. 30|- for annual subscriptions and Rs. 15|- for half-yearly subscriptions against the current rates of Rs. 50|- and Rs. 25|- respectively. For foreign subscribers the gift rates will be Rs. 40|- and Rs. 20|- respectively in place of Rs. 66|- and Rs. 33|-.

The gift subscriptions will be in force for only the period of the original gift; they will not be open to renewal at the same rate in respect of the same recipient of the gift.

The Manager,
'The Eastern Economist'
52, Queensway,
NEW DELHI (India).

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
April 1953 ..	366.4	448.9*	351.8	365.8*	601.7	384.9*	90.5	100.9	86.3	92.9
May ,, c ..	382.0	477.0	360.0*	369.5	619.8	397.4	90.6	100.4	86.8	94.0
June ,, c ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	4.4
July ,, c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441.4	355.5	365.6	715.2	390.6	..	..	..	..
Week Ending										
31-10-1953 ..	386.6	445.7*	352.9*	366.6	716.6	394.1*	90.2	101.3	87.0	93.9
7-11-1953 ..	384.5	436.9*	352.6	366.6	719.1	391.8*	90.2	101.3	87.0	94.7
14-11-1953 ..	381.6	437.3	353.3	367.8	715.7	391.4	90.2	101.3	87.1	95.
21-11-1953 ..	375.6	446.8	357.2	366.6	714.4	391.3	90.2	101.4	87.2	96.6
28-11-1953 ..	370.6	444.3	359.4	362.9	711.5	388 6	90.2	101.4	87.3	97.4
5-12-1953 ..	368.4	446.4*	356.5*	363.5	710.4	387.7	90.2	101.5	87.6	98.3
12-12-1953 ..	363.4	452.0	356.7	363.8	710.6	387.2	90.3	101.5	87.7	98.3
19-12-1953 ..	367.6	466.2	355.7	363.5	712.4	390.3	90.3	101.6	87.8	98·0

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

WORKING CLASS COST OF LIVING

August 1939=100

Period	Bombay			Delhi	Bengal	United Provinces	Central Provinces		Madras	East Punjab	Bihar
	Bombay	Bombay June 1934 =100	Ahmedabad July 1927 =100	Delhi*	Calcutta	Kanpur	Nagpur	Jabbulpore*	Madras June 1936 =100	Ludhiana*	Jamshedpur*
1939 (Aug-Dec)	103	..	..	..	..	196	104	..	106	..	..
1946 ..	246	259	209	108	275	328	285	101	235	119	103
1947 ..	265	279	219	122	309	378	320	123	272	142	123
1948 ..	288	303	243	132	339	471	372	146	309	168	136
1949 ..	292	307	248	132	348	478	377	151	323	164	138
1950 ..	298	313	257	132	349	434	372	153	325	165	145
1951 ..	314	330	261	142	370	451	392	168	334	167	160
1952 ..	321	337	259	143	351	441	380	150	330	151	155
1952 November	330	347	271	143	357	459	380	150	328	152	150
December ..	330	346	262	137	346	447	378	149	327	148	150
1953 January ..	330	346	260	135	337	454	381	145	327	144	149
February ..	334	351	264	136	334	459	380	144	351	144	150
March ..	341	358	265	136	333	448	381	145	353	145	148
April ..	342	359	269	137	344	434	384	146	354	147	148
May ..	346	363	275	139	345	441	391	155	356	146	152
June ..	353	371	282	140	363	453	393	159	360	148	156
July ..	355	373	288	142	375	465	394	160	355	148	158
August ..	358	376	285	144	373	469	397	157†	352	149	160
September ..	353	371	283	145	366	464	391	154	351	150	163
October ..	350	368	282	144	..	..	..	..	..	..	..

*Base 1944=100 †Provisional

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	26-12-1953			19-12-1953			12-12-1953			5-12-1953		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	83- 8	81-15	82-11	81-15	80- 2	82- 5	81-12	80- 0	80-14	82- 8	80- 7	81- 7
Silver (per100 fine tolas)	152-15	151-11	152- 5	151-13	150-12	151- 4	151-12	149-13	150-12	152- 1	148-13	150- 7

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52:91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
May 1953	1,168,83	18,31	1,187,15	40,02	610,15	650,17	54.77	87,12	449,86	1,187,15
June ,,	1,157,40	29,67	1,187,07	40,02	608,15	648,17	54.60	89,04	449,86	1,187,07
July ,,	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
Week Ending										
23-10-1953	1,084,32	32,39	1,116,62	40,02	558,15	598,17	53.57	97,03	421,42	1,116,62
30-10-1953	1,077,79	39,71	1,117,56	40,02	558,15	598,17	53.57	97,91	421,42	1,117,50
6-11-1953	1,108,84	16,88	1,125,71	40,02	568,15	608,17	53.53	96,12	421,42	1,125,71
13-11-1953	1,109,24	16,33	1,125,57	40,02	568,15	608,17	54.03	96,02	421,38	1,125,57
20-11-1953	1,101,05	25,25	1,126,31	40,02	568,15	608,17	54.00	96,76	421,38	1,126,31
27-11-1953	1,096,85	30,19	1,127,04	40,02	568,15	608,17	53.96	97,49	421,38	1,127,04
4-12-1953	1,114,42	11,66	1,126,08	40,02	568,15	608,17	54.01	96,53	421,38	1,126,08
11-12-1953	1,123,20	12,41	1,135,61	40,02	568,15	608,17	54.43	96,06	421,38	1,125,61
18-12-1953	1,121,21	14,61	1,135,83	40,02	568,15	608,17	54 42	96,28	421,38	1,125,83

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	485
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	414
	(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
Average of Fridays														
May 1953	101,14	16,44	41,78	57,43	216,78	39,18	265,97	18,48	13,27	106,64	3,69	28,42	87,07	8,40
June ,,	119,35	14,85	42,50	56,92	223,63	39,64	283,27	29,84	16,59	105,60	3,42	29,05	89,76	9,00
July ,,	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
Week Ending														
23-10-1953	108,00	29,80	57,66	57,84	253,30	13,71	280,53	32,62	2,25	143,79	..	10,73	84,54	6,60
30-10-1953	108,90	30,53	60,60	57,41	257,44	17,87	285,41	39,97	1,59	142,16	5	10,71	84,16	6,77
6-11-1953	100,22	29,96	47,15	57,60	234,94	16,89	261,82	17,09	3,51	137,27	41	12,88	83,86	6,80
13-11-1953	101,31	27,08	49,50	57,25	235,14	18,01	263,21	16,56	3,21	142,81	27	11,18	82,31	6,84
20-11-1953	94,75	30,15	62,11	56,83	243,84	17,48	271,32	25,49	3,23	142,69	86	10,83	81,25	6,98
27-11-1953	98,09	24,38	69,82	56,86	249,15	18,46	277,62	30,44	5,00	141,56	1,37	11,01	81,14	7,09
4-12-1953	90,43	22,24	60,79	58,09	231,55	19,11	260,65	11,81	5,36	144,85	1,38	10,93	79,13	7,19
11-12-1953	92,22	19,31	55,76	57,53	224,83	20,36	255,19	12,61	8,97	137,11	2,53	11,06	75,67	7,23
18-12-1953	106,11	18,97	48,69	57,19	230,95	20,84	261,79	14,82	9,65	141,21	1,49	12,61	74,75	7,25

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

SCHEDULED BANKS

(Rs. in Lakhs)

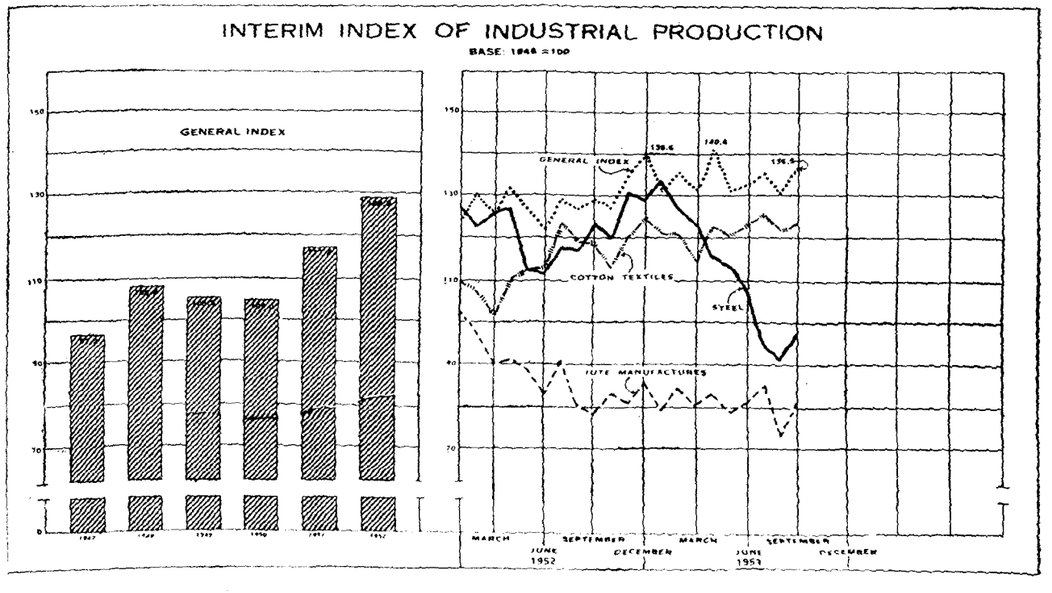
Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (1+2)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938–39* ..	123,81	103,30	227,11	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	10,44	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	303,48§
1952–53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,36
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	8.00	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
Week Ending										
17-4-1953 ..	541,59	319,22	860,81	33,48	42,33	8.81	467,02	59,37	61.15	301,73
24-4-1953 ..	539,88	320,01	859,89	32,28	41,16	8.54	464,86	60,06	61.05	301,07
1-5-1953 ..	536,96	320,97	857,93	31,81	40,63	8.44	474,80	61,42	62.50	300,93
8-5-1953 ..	524,18	321,72	845,90	32,13	38,34	8.33	477,97	61,89	63.82	300,73
15-5-1953 ..	525,39	322,32	847,71	32,06	40,58	8.57	472,91	60,95	62.98	300,68
22-5-1953 ..	530,36	322,99	853,35	31,86	40,86	8.52	470,91	59,85	62.20	300,21
29-5-1953 ..	529,01	322,89	851,90	31,67	39,15	8.31	471,09	60,23	62.37	299,76
5-6-1953 ..	529,54	323,53	853,07	31,78	40,29	8.45	470,36	58,75	62.02	300,23
12-6-1953 ..	521,94	324,15	846,09	32,54	39,83	8.55	469,93	59,79	62.61	312,40
19-6-1953 ..	526,91	324,56	851,47	33,93	39,57	8.63	462,88	58,38	61.22	312,44
26-6-1953 ..	530,26	327,56	857,82	34,63	40,09	8.71	453,23	56,59	59.43	314,03
3-7-1953 ..	531,35	327,62	858,97	33,56	40,11	8.58	452,30	55,97	59.17	313,41
10-7-1953 ..	529,02	328,34	857,36	32,72	39,73	8.45	446,78	53,43	58.34	312,81
17-7-1953 ..	535,68	328,52	864,20	31,39	39,80	8.24	442,59	52,05	57.24	313,76
24-7-1953 ..	535,82	328,31	864,14	30,92	50,53	9.43	438,77	51,22	56.70	315,61
31-7-1953 ..	530,25	328,27	858,52	30,69	44,78	8.79	438,02	51,48	57.02	316,41
7-8-1953 ..	529,97	327,59	857,56	29,44	47,05	8.92	436,59	51,76	56.95	319,05
14-8-1953 ..	522,66	330,10	852,76	29,86	41,12	8.32	431,15	49,53	56.37	323,07
21-8-1953 ..	528,18	328,52	856,70	31,22	44,10	8.79	428,51	48,28	55.65	323,56
28-8-1953 ..	528,21	331,36	859,57	31,73	45,93	9.03	426,53	46,81	55.07	326,88
4-9-1953 ..	528,59	330,56	859,15	31,93	49,11	9.43	428,02	45,87	55.16	327,96
11-9-1953 ..	526,79	330,34	857,13	30,54	48,01	9.16	423,30	44,43	54.51	329,15
18-9-1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42,45	54.45	333,16
25-9-1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2-10-1953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-1953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16-10-1953 ..	520,35	332,92	853,27	30,06	50,34	9.42	420,89	38,62	53.85	336,15
23-10-1953 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30

* Undivided India §Average of weeks from November 1951

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	100.9	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 ..	105·8	99.7	99·4	99.9	84·8	108.9	108.5	80.5	136.3	97.4	127.8	165.8	04.6	438.9
1950 ..	105·0	91.1	85·9	93.8	76·8	110.8	105.8	72.8	169.5	102.7	127.0	170.8	1 11.2	971.7
1951 ..	117·2	101.3	95·4	104.3	80·4	118.8	120.8	87.2	207.2	124.4	140.2	178.2	116.0	1,531.9
1952 ..	128·9	113.8	106·0	117.7	87·4	125.4	161.9	83.8	229.3	129.7	147.6	160.1	122.0	897.9
April 1951 ..	117·5	101.1	93·2	105·0	80.5	120.2	190.1	91.7	198.6	120.3	147.4	172.8	112.5	1,036.7
May ,, ..	117·7	101.4	94·4	104·9	86.5	121.1	238.3	86.8	205.1	124.3	149.2	144.4	121.1	1,365.4
June ,, ..	116·7	104.0	97·2	108·7	79.9	112.6	345.5	94.7	206.8	126.6	143.0	183.9	111.4	1,288.8
July ,, ..	114·4	102.6	95·8	105·6	77.4	103.1	N	85.7	199.9	120.7	139.8	177.0	109.3	1,383.0
August ,, ..	120.4	104.6	98·0	107·9	81.8	114.9	N	92.9	202.5	123.5	141.8	186.3	121.9	1,458.3
September ,, ..	118·3	103.0	97·3	105.9	74.1	122.5	293.8	91.0	213.1	129.9	132.4	178.7	116.1	1,946.1
October ,, ..	111·9	98.6	94·4	100.7	74.8	113.8	211.6	74.5	218.8	126.7	119.2	177.8	118.9	1,486.1
November ,, ..	123·7	102.4	99·3	103.9	91.6	123.3	313.3	79.3	230.4	130.4	140.3	186.1	111.0	1,818.8
December ,, ..	128·2	103.9	100·9	105.4	91.1	125.1	154.2	83.0	233.7	134.4	132.7	211.7	123.0	2,051.8
January 1952 ..	123·4	102.2	98·6	104·1	99.6	130.2	110.2	81.2	218.7	135.4	140.0	183.3	128.2	1,672.6
February ,, ..	129·0	107.4	102·4	110·0	97.1	140.6	121.9	89.7	202.5	128.8	148.4	125.6	122.2	1,631.5
March ,, ..	125·5	101.8	96·7	104·4	89.9	125.4	163.9	79.1	222.0	123.6	139.4	129.9	124.9	1,440.5
April ,, ..	131.7	110.3	103·2	113·9	91.6	134.5	488.6	87.1	235.4	133.8	155.3	122.2	127.6	912.4
May ,, ..	126·8	112.3	100·6	118·1	89.3	129.7	1493.3	81.1	217.7	121.5	150.0	173.2	112.6	807.3
June ,, ..	121·6	112.4	101·5	117·9	82.5	120.3	2445.5	80.6	218.1	118.6	150.6	174.6	111.1	362.4
July ,, ..	128·9	123.3	113·9	128·0	91.0	116.9	..	75.8	246.3	130.8	152.6	149.0	117.6	809.8
August ,, ..	126·7	119.2	109·4	124·1	80.6	115.8	..	74.8	236.0	131.2	146.3	141.5	117.2	1,188.2
September ,, ..	129·1	118.5	110·3	122·5	78.6	116.8	431.3	81.7	244.6	136.5	137.8	194.8	123.9	487.5
October ,, ..	127·6	113.3	105·6	117·1	83.4	121.6	183.7	85.4	223.4	132.7	142.8	167.6	120.5	552.5
November ,, ..	134·6	120.1	112·6	123·9	80.9	121.8	137.0	97.9	242.5	130.7	154.7	174.8	130.5	500.5
December ,, ..	138·6	124.9	117·1	127.5	85.5	131.9	127.4	91.5	244.3	133.1	155.5	183.8	129.1	527.3
January 1953 ..	131·1	121.1	113 0	125·2	78.9	126.7	107.6	98.6	224.7	129.4	152.4	173.7	133.5	311.8
February ,, ..	135.9	120.8	110·0	126.2	82.1	138.1	116.8	75.1	225.3	129.9	161.7	175.9	127.3	222.7
March ,, ..	131.1	114.1	101.9	120.2	80.4	125.3	168.0	74.9	225.6	126.5	153.2	130.4	123.8	495.4
April ,, ..	140.6	122.6	108.3	129.8	83.0	136.6	460.9	83.7	224.0	134.2	152.1	147.1	115.9	311.8
May ,, ..	131.1	120.4	107.1	127.0	78.4	130.2	566.1	71.3	247.2	122.3	150.1	161.6	113.5	344.5
June ,, ..	132·4	122·9	111·0	128.8	81·3	122.6	136.4	74.4	251,4	121 6	151.0	155.0	107.8	522.3
July ,, ..	135·2	125.5	114·5	131·0	84.8	112.2	..	62.9	262.8	147.0	150.7	170.3	94.6	741.8
August ,, ..	130·5	121.8	111·9	126·8	73.6	111.9	..	73.2	234.4	137.7	126.4	162.2	91.2	887.6
September ,, ..	136·5	122·7	114·8	126.6	81.7	125.1	11.9	91.2	245.2	142.7	138.0	165.6	96.4	1,143.2



Index Numbers of Earnings (1939=100) by States

State	Average annual earnings in 1939	Index Numbers 1944	1945	1946	1947	1948	1949	1950	1951
	Rs.								
Assam ..	263.7	236.2	263.5	282.7	302.0	322.7	388.7	417.8	424.4
Bihar ..	415.5	129.3	133.8	130.9	204.9	217.2	227.6	269.3	278.0
Bombay ..	370.4	235.4	223.6	220.8	267.3	314.7	336.9	318.6	348.2
Madhya Pradesh ..	..	258.8	286.2	250.7	325.7	390.1	437.6	482.5	405.7
Madras ..	175.9	192.3	204.0	243.4	337.6	371.8	438.9	341.5	377.8
Orissa ..	161.8	229.1	230.0	263.7	300.3	402.9	417.9	449.8	521.3
Punjab ..	296.0	197.8	209.8	..	234.1	256.2	345.5	304.8	264.5
Uttar Pradesh ..	235.6	216.7	223.7	242.2	284.0	380.9	427.2	401.9	418.7
West Bengal ..	248.7	170.0	176.7	193.6	222.8	282.3	333.5	344.7	363.3
Ajmer ..	163.7	227.1	234.3	280.9	273.3	341.1	343.2	412.1	443.4
Delhi ..	309.4	241.7	242.4	240.3	266.3	322.9	323.6	348.1	453.8
All States ..	292.3	202.1	201.5	208.6	253.2	304.0	340.3	334.2	356.8

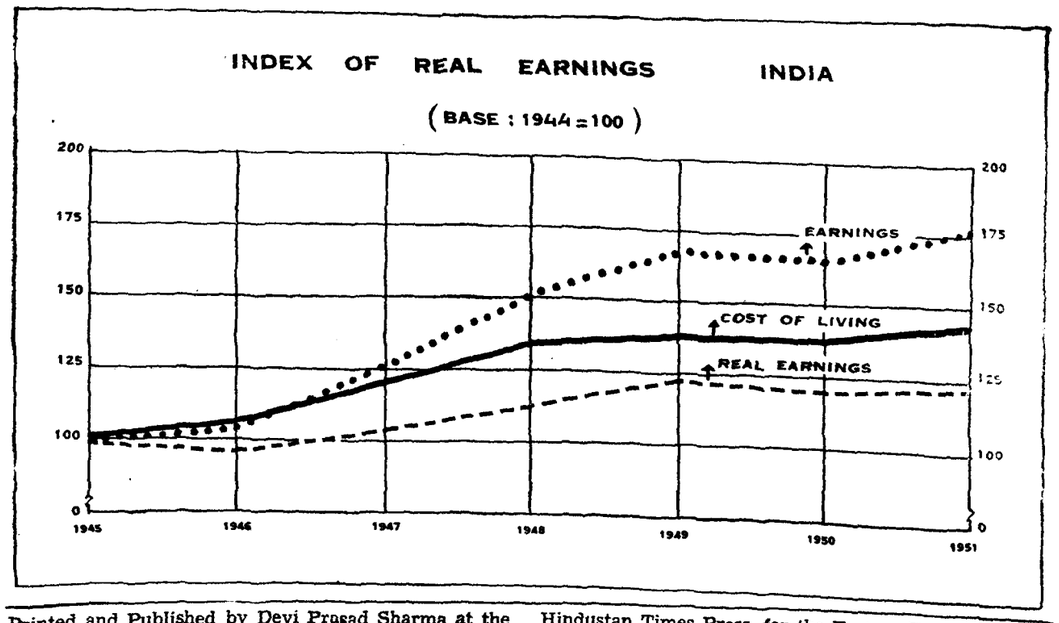
Index Numbers of Earnings (1939=100) by Industry*

Industry	Average annual earnings in 1939	Index Numbers 1944	1945	1946	1947	1948	1949	1950	1951
	Rs.								
Textiles ..	284.0	216.9	211.9	214.9	263.9	319.8	363.1	339.2	363.9
Engineering ..	317.0	177.6	191.3	212.2	220.6	280.4	289.1	322.7	348.9
Minerals and Metals	435.1	136.3	141.0	135.2	212.3	215.1	237.8	273.3	291.1
Chemicals and Dyes	220.8	227.7	220.2	230.4	288.9	339.0	357.7	430.3	443.3
Paper and Printing	335.0	139.0	165.0	188.0	215.9	247.7	270.4	292.2	302.9
Wood, Stone and Glass ..	193.5	203.4	238.1	244.1	281.0	317.2	340.9	349.7	395.3
Skins and Hides ..	286.0	181.6	177.8	188.6	207.9	285.5	312.4	251.2	276.2
Ordnance factories	362.2	175.0	200.2	221.0	225.8	284.8	351.9	327.3	272.2
Mints ..	367.5	200.9	193.7	233.3	292.5	379.3	391.6	407.7	423.2
Miscellaneous ..	250.7	202.6	188.1	243.4	255.7	316.5	346.2	414.0	447.7
All Industries ..	292.3	202.1	201.5	208.6	253.2	304.0	340.3	334.2	356.8

Index of Real Earnings (1944=100)

	1945	1946	1947	1948	1949	1950	1951
Index of earnings	99.7	103.2	125.3	150.4	168.4	165.4	176.5
Cost of living index	100	106	120	134	138	138	144
Index of real earnings	99.7	97.4	104.4	112.2	122.0	119.9	122.6

*Figures relate to the States mentioned above.



Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi. Editor:—E. P. W. da Costa, M.A. (Oxon.)

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 2. NEW DELHI: JANUARY 8, 1954. ONE RUPEE

CONTENTS

Page

LEADING ARTICLES:

ASIA, EUROPE AND THE UNITED STATES 37
THE NEW LOOK OF INDIAN COMMUNISTS 39
CONTROL OVER CORPORATIONS .. 40

THE WEEK'S NOTES 41

Agenda for Sydney; Unstable Coalition in Andhra; Punishment for "Untouchability"; Conference on International Law; Reform of Criminal Procedure; National Research Development Corporation; Canadian Locomotives Under Colombo Plan.

WORLDGRAM AND NEWS IN BRIEF 43

A WINDOW ON THE WORLD

Odysseus on "Choose Your Favourite Imperialism" 47

BOOK REVIEWS 51

A DELHI DIARY 53

Page

SPECIAL ARTICLES:

THE CASE FOR COFFEE 54
ACCIDENTS ON RAILWAYS 55

THE BUSINESS WORLD:

The International Tin Agreement 57
The German Achievement 57
The Triangular Conflict 58
A Session Without Office-Bearers 60

BUSINESS NOTES 61

The Sterling Area's Surplus; Air Agreement with the U.S.; Import Policy for January-June 1954; Millets Decontrolled; Protection for Sericulture; Standard Batteries; State Finance Corporation for Bombay; Petroleum Exploration in West Bengal; Coastal Shipping; Inquiry Into Dyestuffs.

COMPANY AFFAIRS 64
COMMODITY NEWS AND NOTES 66
CURRENT STATISTICS 71

Asia, Europe and the United States

FROM three different sources this week the spotlight has been thrown on trade between Asia, Europe and the United States. On January 4, there was released by the United Nations a publication described moderately as "A Study of Trade Between Asia and Europe" which is one of the most penetrating studies ever released on Asian affairs. In just 146 pages it contains a wealth of new information or rather old information brilliantly classified to make it new. The Secretariats of the Economic Commission for Asia and the Far East, the Economic Commission for Europe and the Food and Agricultural Organization of the United Nations are warmly to be congratulated on this production, the fruit of some fine teamwork of international groups. Yesterday, January 7, there was President Eisenhower's State of the Union message containing a powerful plea for "the creation of a healthier and freer system of trade and payments within the Free World—a system in which our allies can earn their own way and our economy can continue to flourish. Finally at the Sydney Conference there are known to be under examination some proposals relating to sterling area-dollar trade which will assist in time in an advance towards convertibility. With this powerful concentration of interest on trade in the Free World, it would be not unreasonable to expect some substantial changes in policy to emerge.

[illegible] comprehensive [illegible] generally, happily, this increased focussing of attention upon international trade is by no means the preamble to [illegible] and specific action either at Sydney or elsewhere. The President's message does more than all the other instruments combined; but his detailed proposals have not yet reached Congress and anyone conversant with tariff history in the United States knows at once that even fairly mild proposals which will make a difference will run there into heavy weather. It is good that the intentions of

the President are now more vocal, but Asia and Europe will not expect their deficiencies of dollars to be made good by sudden acts of generosity on the part of the United States. The major problem of raising the level of Asian-European-American trade remains, therefore, unsolved. And yet surely here is the essence of the problems of Asian development and European currency convertibility, on which in both Asia and Europe large hopes are being entertained.

There should be no undue optimism in respect of the Asian side of the picture. Figures available in the Annual Number of "The Eastern Economist" 'India in Asia' will show that Asia's international trade has now settled down at a level at which it will be impossible to finance significant development by a payments surplus. It is true that in India over the last twelve months there has been a surplus in payments of about Rs. 100 crores; but even this surplus cannot be adequately digested in view of the absence of a specific demand for capital goods on which it should be expended. It is foolish to underestimate the dilemma in which Asian countries as a whole now find themselves. Some of them have no foreign exchange resources; others apparently have resources which temporarily at least they are unable to translate into goods. Everyone (including the United Nations Secretariats) concludes that Asia's problem is obtaining capital goods and not consumer goods, but almost every Asian country today is importing consumer goods much more heavily than capital goods. And, almost worse is the fact that over the last two years the percentage of capital goods in value terms has tended to fall instead of to rise.

Whether this fall in the value of capital goods imported is significant of a fall in the tempo of Asian development or not may be debated. In the case of India it is almost certainly not a fact that the tempo of development is falling in spite of a drop of between Rs. 15 to 20 crores in imports in the last year compared to the average of the previous four. Mr. T. T. Krishnamachari, in his inaugural address to the 36th Economic Conference in Jaipur, advanced the opinion that in real terms there must have been significant rise in capital equipment. He pointed out in India how in respect of a wide range of machinery—spinning frames, looms and ball bearings were specifically mentioned—the restriction of imports was the consequence of a significant development of internal production. But even in respect of the imports themselves he held that, when a suitable correction was made for a fall in prices, it was obvious that imports had not fallen in real terms.

Mr. Krishnamachari did not estimate precisely at what rate capital equipment in the country was increasing. That is a study which the Planning Commission should set in hand at once. Again, on the problem of utilisation, it seems Mr. Krishnamachari's Ministry in a widespread probe into unutilised engineering capacity has discovered vast opportunities of better utilisation, implying on one rough estimate that about 40 per cent increased production could be obtained from some engineering units without any additional equipment whatsoever. It is, therefore, a great mistake to see (as do the International Secretariats) international Asian development so much in terms of capital goods imports. A stable level of capital goods imports at round about existing levels may be consistent with a rise in capital-intensive production by something like 50 per cent if full use is made of indigenous production and capacity.

This is true of India but it is probably not true of any other country in Asia, except Japan which does not need capital goods imports. But to say that it is probably true that most Asian countries need a great stepping-up of capital goods imports does not mean that they can sustain any significant reduction in their consumer goods imports. Here the balance of perspective needs radically to be changed. In the short period, consumer goods should not be cut off, as they represent for most Asian countries almost all that stands between primitive living and their hopes of economic advance. There is everything to be said for pressing on with the manufacture of consumer goods in Asia; but it is no use our risking additional political discontent by putting the cart before the horse.

Where then can the vicious circle be broken? Obviously, for most Asian countries by reasonable price-stabilisation policies for their exports, particularly tea, rubber, and tin. The United Nations study also seems to consider that there could be worked in with such a policy a triangular trading arrangement by which America buys from Asia, and Asia from Europe, thus killing two birds—Asian development and European convertibility—with one stone. But why, if these solutions are theoretically so simple, do they refuse to go to work.

Firstly, because both Asia and the United States interests are not identical with those of Europe. What the European recommendation implies—one British paper has been naive enough to state this bluntly—is that both Asia and the United States should go to the rescue of Europe. If Asia can accumulate dollars, why should she not buy directly from the dollar area, instead of being forced by triangular trade to give her dollars to Europe and accept the limitations of choice which predominantly European trade provides? Again, the United States naturally has no interest in buying from Asia, only to find additional difficulties of exporting to Asia by reason of European preferences which, as the Asian study reveals, still heavily dominate Asian imports. The proper course for Asia is to resist this pressure to restrict her freedom to purchase where she likes. The dollars that Asia earns must be used without any currency preferences for Asia's own interests; since dollars are convertible, this does not preclude purchases from Europe where Asian interests justify that course.

What this does mean is that if Europe wishes to benefit from American interest in Asian stability, she can only do so on the basis of the competitive character of her prices for goods that both Asia and America need. Now that American economic aid to Europe is tapering off, one would have thought that this—and not any triangular arrangement—is what Europe herself would desire. There is no permanent solution of Europe's dollar problem except her selling more to the United States and to Asia in such a manner that she attracts by her economic efficiency Asian orders to herself. Asia today will resent any tie-up which suggests that its trading choice is being limited in order to provide dollar-solvency for European countries.

Asia has a direct interest in multilateral trade. But it should be multilateral trade without strings. This does not exclude preferences where, as with Imperial Preference and India, they seem to be of mutual benefit and not one-sided. Partly because Asian trade has tended to follow traditional patterns, it seems that some considerable dividends could be obtained for Asia by a searching investigation where changes in its exports and imports could increase the real value that Asia receives out of her international trade. It is not enough to analyse the pattern of present trade between Asia, Europe and the United States. That task has been splendidly done. Cannot the same team be set to work to show Asia how she can realign her trade in order to secure the highest advantages from existing circumstances? If the United Nations will not undertake this study, Asian countries must arrange to do this for themselves.

The New Look of Indian Communists

THE Communist Party of India has been as earnest as most others celebrating the New Year, to ring out the old and ring in the new. With the Indian Communists, it was not the peal of bells but a long political resolution, adopted exactly at midnight on December 31, 1953, at the third Communist Congress at Madurai, that ushered in the New Year and their new policy. It is not easy to believe that Communist objectives can change even when their methods do, but if what the spokesmen for the Indian Communists have claimed can be true, there would be a large element of novelty in their latest definition of the Communist programme in India. Mr. E. M. S. Namboodripad, who as a top-ranking member of the Politburo, may be regarded as an authorised exponent, has described this change as a conscious attempt to adapt Marxism "to suit the circumstances of Gandhian India". He hastened to point out that this was only following the example of Mao Tse-tung, who had adapted Marxism to the China of Confucius. He even went on to elaborate the point that his party did not subscribe "to every sentence and every word" uttered by Marx, Engels and Stalin. To many, all this might almost seem open apostasy in the Communist ranks, but as Mr. Namboodripad pointed out, two of these prophets had lived in the mid-nineteenth century; and the Indian Communist Party's intrepidity in including the third has come only after Stalin has been sufficiently played down by his successors. The most significant omission in this context was the name of Lenin, which has now been restored to its primacy by the present archpriests of Moscow.

The suggestion that Marxism and Gandhism can thus be reconciled is sought to be supported not only by the Communist Party's abandonment of the methods of violence which were practised before 1951, but by the Chinese precedent. The abandonment of violent methods has been understood hitherto only as a change of strategy, to meet the firm measures adopted by the Government and the general public indignation against lawlessness. The attempt to make a virtue of this necessity by presenting it as a conscious compromise with the Gandhian influence may, not unlikely, mislead those who have indulged in the wishful thinking that Communism can evolve its own national patterns according to the traditions of each country. But the fate of the precepts of Confucius, which have been replaced in China by the formulae of Marxism might be a truer indication of what in time can happen to the Gandhian part of the Communist professions.

The main aspects of the Communist policy put forward in the resolution in explanation thereof may now be summarised. There has been wholehearted support for the Prime Minister's foreign policy as one of "strengthening the forces of peace", qualified only by a disapproval of the extent of the alleged influence of British imperialism. There has also been support for the general attitude of the Government of India towards the United Nations, and towards the proposals for American military aid to Pakistan. But all these virtues almost cease when internal policies are concerned, which impels the Communists to seek an early replacement of the Nehru regime by a "government of democratic unity". The Five-Year Plan is rejected as a failure, with the qualification that the community project schemes contain nothing objectionable as they ultimately benefited the people. The Communist Party, it has been stated, is not even against foreign economic aid and would indeed welcome it, if it were not of the character of American aid. The emancipation of the peasantry from "feudal oppression", the confiscation of all British interests in the country and relief from exorbitant taxation are the more lurid aspects of this new Communist manifesto.

There is, doubtless, in this change an anxiety for a reconciliation. It is possible to interpret this new mood as an attempt of the Communists to identify themselves with public opinion which is in favour of India's foreign policy, but is beset with anxieties on the problem of unemployment. It may also be a device to meet half-way the other political parties now in opposition to the Congress, which may be prepared to form electoral alliances with the Communists to defeat the Congress Party. There may be a combination of both reasons and there is ample precedent for Communist parties to take on a nationalistic role whenever Communist extra-territorial loyalty conflicted with intense nationalistic fervour. The role of Togliatti in Italy before the general elections last year is an instance of such change. The French Communists have been equally resilient when occasion demanded. The stoppage of violent activities by the Indian Communists since the general elections, which have earned for them release from detention and withdrawal of cases pending against them in many States, can be similarly explained. The specific changes now claimed therefore point to a desire for a different strategy in making the maximum use of this ostensibly parliamentary role to more effective purpose. The criticisms of Indian policy can give the appearance of being constructive when it assails economic stagnation, while warmly approving foreign policies. The possibility of its great appeal to the opposition vote cannot be overlooked. Secondly, the stress on adapting Communism to Gandhian India may hold out a bait to the other opposition political parties, particularly the Praja-Socialists, who have not concealed their readiness to form alliances even with the Communists against the Congress.

Whether or not the Communists have now rehabilitated their prestige by these policies will be known best in the elections to be held in Travancore-Cochin and P.E.P.S.U. and those likely in Andhra later in the year. The choice of Madurai as the venue of their meeting was apparently designed to establish that what seemed a Communist rout, after the Rajaji Ministry had been in office for a year, was not really so. The Party has also had the benefit of the British Communist leader who attended as a fraternal delegate. There should be nothing that is more sinister in all this than what has been usually associated with the Communists. These would, however, seem to be good reasons why other democratic political groups which have an aversion for Communist motives and tactics, should not rise to the baits offered to them, merely because of their mutual wrangles.

The most grave development has been the readiness of the Praja-Socialists, in their present mood of frustration, to lend themselves as instruments for the realisation of Communist objectives in the elections, and possibly also in any post-electoral political alignments. Whatever the imperfections and charges against the Congress Governments, it would be hardly honest for any political party to accept the main Communist claim that "democratic unity" can arise only when the Congress Party is replaced. On the other hand, these Communist tactics may be construed also as indicating apprehensions about their own weakness, in the light of the general support for Indian foreign policy and the better economic conditions which have relieved the food and cloth shortages, which they had exploited earlier at the general elections in 1951. If so, it would certainly be a disservice to Indian democracy if at this stage the Praja-Socialists and other political parties help to strengthen Communist hands for electoral advantages which will not ultimately fail to prove illusory when the political gains have to be shared with them.

Control Over Corporations

THE recent discussion in Parliament of the non-official resolution seeking to establish greater control over government corporations was necessarily inconclusive. The Government was not prepared with a complete scheme for the administration of these corporations. Neither was Parliament, which suggested instead that all the procedure that applies normally to issues from the Consolidated Fund should be applicable without distinction to the expenditure of these bodies—at any rate for the present. In the result, status quo has been maintained, which means in substance that these corporations will continue to be more or less independent.

Notwithstanding that the latest of the ad hoc reports, namely, that of the Rau Committee on the Damodar Valley Corporation, has commended the U.K. practice of non-interference in detail or in day-to-day administration, there is undoubtedly growing uneasiness, however, about the Indian practice of creating private limited companies to manage industrial and public undertakings owned by the Government. It is not merely that Parliament has resented the fact that considerable sums of money, once voted out of the Consolidated Fund, can be spent thereafter in a manner over which it can have no say. Nor can this resentment be wholly explained by the fact that the corporations exhibited initially a tendency, as for that matter some of the Government departments themselves have recently done, to sidetrack the Comptroller and Auditor General's authority. The nominated members of the directorates, being government servants, untrained in business, have not also been able to lend to the higher management of these corporations the weight or authority which may be commensurate with the size of these undertakings. Parliament tends naturally in these circumstances to take the view that the advantages of the new corporate form of organisation are not demonstrably such that established procedure should be sidetracked.

Precedents abroad are unfortunately not quite helpful. The Government Corporations Control Act of the United States, now more than eight years old, has restricted the authority of the General Accounting Office in that country to a broad audit (erroneous or illegal items cannot, for example, be disallowed) and to a report to the Congress. The Canadian Crown companies have likewise managed over a period of years to retain substantial immunity from detailed and paralysing control from outside. In Sweden, Parliament controls some corporations broadly in the sense of providing capital, controlling investment decisions, appointing the top-ranking officials, and the like; but there are also other bodies in which the State holds shares and which are not subject to even this degree of control. In the Netherlands, regulations prescribe the degree of control which the General Auditing Court can exercise over commercial undertakings. A Public Undertakings Audit Board was established in France about seven years ago, in order to provide for an appropriate investigation, without powers of decision, on the basis of which the concerned Ministries could act, if necessary. But all this legislation, except that it underlines the fact that detailed control is impracticable, has not really helped to establish any one pattern of administration as being suitable.

Recent experience in the United Kingdom particularly illustrates the difficulties. A committee of the House of Commons has suggested that the practice regarding the admission of questions regarding corporations should be widened to permit, in the discretion of the Speaker, information which might have been once refused; and more recently the constitution of a separate select committee, with an officer of the status of the Comptroller and Auditor General and one professional accountant attached to it, has been recommended. There has been nothing like unanimity, however, about these suggestions. The Comptroller and Auditor General in the United Kingdom has not been very enthusiastic. Others have opposed any suggestion of close and detailed supervision in vehement terms, on the ground that this will merely introduce into the management of commercial and industrial undertakings those tendencies towards centralisation, excessive caution and avoidance of risk-taking, which characterise all government departments. Mr. Herbert Morrison has suggested instead a periodical investigation once every few years as the maximum extent to which Parliament or the executive could go, while maintaining the freedom of action of the corporations unimpaired. Opinion, in other words, is confused and divided.

Actually, the position in India is not as bad as may appear at first sight. Statutory legislation setting up the corporations either includes, or the memorandum and articles of association of private limited companies can be made to include, a provision permitting the issue of directives by the Minister concerned. This would maintain the executive's overall authority; and Parliament, in so far as the executive is answerable to it for the sins of omission and commission in the exercise of these powers, can also exercise adequate control, even if it is remotely operated.

It was argued by Dr. Krishnaswami in the recent debate that this would not go far enough. For most purposes, including price fixation, the importance of which was stressed both by the House of Commons committee as well as the recent debate in the Indian Parliament, a section permitting the issue of directions would, however, be quite adequate. At the same time, the reports by the corporations can also be expanded, as suggested in the United Kingdom. They can be discussed by Parliament. The Comptroller and Auditor General can also carry out a statutory audit in his discretion, independently of the professional accountants' audit; and the Public Accounts Committee, on the facts disclosed by such audit, can hold the executive answerable for anything which it had done or not done, in the exercise of its powers to issue directives.

In due course, as and when this position has become settled, the Comptroller and Auditor General's vigorous objection to the effect that the so-called private limited companies are a fraud on the law can be met by ad hoc legislation governing the case of these government companies. There is no reason why Parliament's supervision, confined and restricted in this manner, should not work out very well in practice. One reason for the insistence on greater control seems in fact to be the lack of appreciation of the opportunities already provided by existing statutes or practices.

Parliament in any case can do no more, without promoting bureaucratisation, red-tape, and other attendant evils. After all, the mere substitution of one system for another is not going to be any remedy for evils like corruption, indecision, and incompetence, which are as likely to exist under departmental as under corporate management. It must be realised on the other hand that in India as elsewhere, we are still in the process of learning from experience. Only one thing can be said with absolute certainty and that is that in the interests of efficient and decentralised administration, the corporations should not be harassed by a paralysing control. It would be short-sighted if we were to reverse existing arrangements merely out of consideration for what seems to be constitutional propriety, or in the hope that centralisation and the forms of parliamentary control will automatically solve all problems.

THE WEEK'S NOTES

AGENDA FOR SYDNEY

Whatever the agenda of the forthcoming Commonwealth Finance Ministers' Conference, its proceedings cannot fail to be deeply influenced by the general concern over the possible decline in United States business activity in 1954. Mr. Butler recently stated in London: "If we are going to move into difficult times, we want to expand our strength and our resources." It is natural that all alarmist suggestions, such as that the Sydney Conference will meet under the shadow of the threat of an American recession, should be deprecated. But the level of U.S. economy during this year has been the subject of close study in Washington and there should be nothing out of the way for countries which are closely dependent on the American market thinking of their economic supports. The sterling area countries have already felt the effects of a fall in the levels of world commodity prices which has turned the terms of trade so strongly against them. They have been sustained, however, by the hope that there is only a process of readjustment which would in course lead to stability; the economic policies now under consideration in Washington show that a readjustment would be possible without creating the maladjustments associated with a recession.

The old disinflationary policies to which the Commonwealth Finance Ministers had adhered with different degrees of faith have largely become inappropriate. The cost of living and the structure of industrial costs still present some problems but they require special attention. The old principle of countries balancing their payments has been felt to have been overdone in view of the drastic import cuts enforced by Australia, and the current difficulties felt by India in absorbing even the available foreign exchange resources for development planning. It is now stressed that there is no lack of financial resources to undertake the right type of projects in the Commonwealth countries which would contribute to the strength of the sterling area. There would be sufficient opportunity to extend on the results assessed at New Delhi last October of the working of the Colombo Plan.

UNSTABLE COALITION IN ANDHRA

The Andhra Cabinet is facing a crisis once again on the question of the choice of the capital and the uneasy coalition with the Krishikar Lok Party has again been responsible for this development. Faced once again with an ultimatum either to resign or to vote with the Government on all the budget demands relating to expenditure on buildings in the present State Capital, Mr. Latchanna has tendered his resignation. It is, of course, quite inconsistent with all notions of parliamentary Government that a member of the Cabinet should be conceded the right to vote with the Opposition on a cut motion. The K.L.P. representative had been earlier requested not to do anything which would disrupt the unity of the Cabinet or offend constitutional proprieties but the appeal has fallen on deaf ears. Mr. N. G. Ranga has accused the Congress party of having backed out of their earlier assurance that an opportunity would be given to decide the location of the permanent Capital. There is now no prospect of a rapprochement; there is the possibility of a Government defeat when the K.L.P. adds its own votes to those of the Opposition in the Assembly.

The Congress Legislature party in the State is now said to be ready to face elections, if the Government is defeated. This confidence may spring from the fact that Mr. Prakasam, who was formerly in Opposition, is now on the side of the Congress. Even the former members of the Praja Socialist party who have now seceded may be admitted to strengthen the party to secure an electoral victory over the Communists, the K.L.P. and some of the independents. The Communist party which has a strong organisation in Andhra may not be worried by the prospect of elections and the party has a major electoral issue, in the question of the Capital, on which to challenge the Congress. The outcome of an election may be to bring the Congress and the Communists into sharper opposition by reducing the strength of the smaller parties and the independents. A general election in the State seems to be the only method through which the perpetual wrangle over the conditions of a coalition in Andhra can be ended. The advantage derived from the coalition Ministry during the last four months may, from the Congress point of view, be the decline of the strength of the P.S.P. and possibly also of the K.L.P., as a result of recent developments.

PUNISHMENT FOR "UNTOUCHABILITY"

Four years have elapsed since the Indian Constitution came into force and enacted in Article 17 that untouchability was abolished and that its practice in any form was forbidden. The enforcement of any disability arising out of untouchability was declared to be an offence punishable in accordance with law. Any such law had to be enacted by the Indian Parliament since the jurisdiction of the States to make laws in respect of offences against Fundamental Rights was taken away by Article 35(a) (ii). The Bill now published to govern the punishments for such offences was, therefore, overdue since an offence was created without defining how it should be dealt with. There have, however, been several State laws enacted before the Constitution came into force which had sought to remove civil disabilities. The earliest among them had been enacted in Madras in 1938 and in Bombay in 1946. About 20 of these State laws will be repealed under the Central legislation now proposed.

The Bill will not be confined to Hindus. It seeks to penalise not only persons directly enforcing disabilities connected with untouchability, but also those indirectly exerting social pressures on others who refuse to practise untouchability. The penalty in either case may extend to six months' imprisonment or a fine of Rs. 500 or both. In the case of offences committed in the course of the practise of any profession, trade or calling to supply goods or services there is an additional liability for the forfeiture of licence for such practice.

The importance of the step now taken to enforce the Constitutional injunction against untouchability cannot be exaggerated. The law provides for the complete repudiation of all customs and usages which have formed the basis all along for perpetuating the various kinds of segregation, untouchability and unapproachability. It is not easy to root out an evil in a short time when people are still custom-ridden. But the enforcement of the penalties must be viewed as an aid to the constructive work of Harijan uplift in which obstacles may be created by fanatical adherents to customary practices. Considering the unequivocal attitude taken by the Constitution towards the removal of untouchability, it was not inappropriate that the punishable offences should have been declared to be cognisable.

CONFERENCE ON INTERNATIONAL LAW

In the absence of direct reporting by the Press on the proceedings of the International Legal Conference, it is not easy to make a detailed assessment of its contribution. The general feeling among those who participated has been one of considerable satisfaction that the first gathering of its kind in Asia has been organised with success. The subjects discussed ranged

from World Government, Human Rights and the revision of the U.N. Charter to the organisation of the judiciary and the legal profession. The Conference provided an opportunity for exchange of information about the attitudes towards law and judiciary in the various countries and an opportunity for the visiting judges and jurists to discover the present role of the judiciary in this country. When an official report of the proceedings is published, it will be time to examine in detail the contribution of the Conference to current legal problems. The proposal for the establishment of a Consultative Committee of Asian countries proved of immediate interest and found favour in the Conference.

As befitting an assembly of jurists, opinion has been strongly in favour of making unhesitating suggestions for reform of the United Nations Charter, but not for their enactment against the opposition of a substantial group of Powers. The system of Permanent Membership of the Security Council and the veto may yet prove the minimum conditions required by the Big Powers. But if there is a steady increase in the area of international authority such as through the steady extension of the compulsory jurisdiction of the International Court of Justice, it would be sufficient achievement in the progress towards the ideals of World Government. A paper on private rights acquired by foreign nationals elicited the general opinion that rights acquired by foreign nationals should be respected in cases of State succession, but where those rights affected the exercise of sovereign powers by the new State, they could be abolished on payment of compensation, and that an aggrieved foreign national should be able to approach an international judicial agency after exhausting the remedies available in the municipal courts. These are principles which are of importance to the outstanding case for which they were presumably intended to apply.

REFORM OF CRIMINAL PROCEDURE

Among the large number of amendments to the Criminal Procedure Code proposed in the Bill now published for general information, there is one which seeks to define the scope of the High Courts' authority in the exercise of their revisionary jurisdiction. Under Section 435 of the Code, the High Court may send for the record of any proceeding for the purpose of satisfying itself as to the correctness, legality or propriety of any finding sentence or order. This power of revision had been deliberately left wide, but in actual practice, several High Courts had themselves imposed restrictions on the exercise of this power and had invoked it only to set right gross irregularities in procedure or of interpretation, in cases in which there was no right of regular appeal to the High Court. The practice has not, however, been uniform and some High Courts have often interpreted Section 435 too literally. The proposed amendment in the Bill seeks to restrict the power of revision only in the manner in which certain High Courts have already accepted limitations. It may, however, be pointed out that this could have been considered and adopted as a convention by the Chief Justices who recently met in Delhi, instead of being forced on them by legislation.

There has been an unwelcome addition to the number of offences which can be compounded. The inclusion of theft in this category is questionable. Whether in the present context of enthusiasm for social reform it is appropriate to make bigamy compoundable should also be seriously considered. The Bill seeks to end the anomalous system of punishment called "transportation for life," which has continued even after the cessation of transportation out of India. This will be substituted by "imprisonment for life," which will mean imprisonment for a maximum period of 25 years without remissions. Two other matters which seem similarly unobjectionable relate to the restriction of magisterial powers in the decision of disputes relating to immovable property, whenever there is a likelihood of a breach of the peace, and the provision for appeals to High Courts against acquittals in cases instituted on private complaints. It is right that magistrates should only prevent breach of the peace and refer the actual disputes relating to property to the Civil Courts. The proposed right of private parties to appeal against acquittals has been coupled with the safeguard which imposes liability on appellants for compensation in the case of frivolous proceedings.

NATIONAL RESEARCH DEVELOPMENT CORPORATION

The National Research Development Corporation of India established by the Government of India for exploiting in the public interest the inventions of the Council of Scientific and Industrial Research and other research organisations was registered in New Delhi on December 31, 1953. Replies from 14 out of 18 research institutions which were requested to furnish information about projects awaiting development have already been received. One hundred and three processes have been reported which are now under examination. Further information required is being obtained to decide the order of priority for their development.

The Corporation will exploit inventions of the network of National Laboratories and Research Institutes, patents and inventions of different Departments of the Government of India, the State Governments, Commodity Research Committees and other statutory research organisations. All these inventions will be assigned in the first instance to the Corporation who will negotiate with industries for their exploitation. Where any industrial concern agrees to bear the cost of setting up a pilot plant, to afford facilities for the conduct of pilot plant trials and to provide facilities at the firm's own cost to a research institution, it will be permitted to use the results of research free of any royalties for a fixed period. The results, however, would be the property of the research institutions and the Corporation will be at liberty to make them available to other parties and the firm will have no claim to royalties or other income accruing from the exploitation of research results.

The Corporation has been set up by the Government as it was felt that the gap between research and its industrial utilisation was a wide one and to bridge it effectively, a specialised organisation devoting itself exclusively to this work was necessary. The authorised capital of the Corporation is Rs. 1 crore divided into 10,000 shares of Rs. 1,000 each. Government has agreed that the Corporation should have a subscribed capital of Rs. 10 lakhs (1,000 shares of Rs. 1,000 each) of which Rs. 5 lakhs will be paid during 1953-54 and Rs. 5 lakhs in 1954-55 when the shares will become fully paid up. Any further finances required by the Corporation will be made available in the form of a loan.

CANADIAN LOCOMOTIVES UNDER COLOMBO PLAN

The Government of Canada have, at the request of the Government of India, agreed to give to India 120 steam (WP Type) locomotives as Canadian assistance to India under the Colombo Plan. The tentative schedule for the delivery of these locomotives to India is that deliveries would commence ten months from the date of the order and would be at the rate of six locomotives per month. The Canadian Company with which the contract for the locomotives is being negotiated is the Canadian Locomotive Co., Ltd. of Kingston, Ontario..

As in the case of Canadian raw materials which are supplied to India under the Colombo Plan, the amount to be charged by the Government of India to the railways for these steam locomotives will be paid into a Special Development Fund to be used for other economic development projects. The exact amount of the counterpart funds to be established, the administrative arrangements for its establishment and the projects for which it may be used will be agreed to later between the two Governments.

WORLDGRAM

TRADE

World Materials Conference: The Central Group of the International Materials Conference set up in 1951 to deal with raw material shortages after the outbreak of the Korean war, has agreed to dissolve itself, it was officially announced recently. The Group which allocates scarce materials among non-Communist countries said its last commodity committee was dissolved last September and there was no new development calling for action by the Conference. The decision was taken at a meeting on December 15, 1953. Twenty-seven countries and two international organizations belonged to the Conference. They have agreed to consult among themselves in the event of concern about future shortages.

* * * * * * *

Over 65 Tons of Russian Gold Received by U.K.: Between 65 and 70 tons of Russian gold has been sent to Britain in the last 5 weeks, according to usually reliable sources. The first of these shipments was handled by a city firm of merchant bankers on account of a foreign client. Deliveries in December were all consigned directly to the Bank of England which has declined to make any statement on them.

* * * * * * *

Fertilisers from America: India is expected to receive 18,000 tons of fertiliser, other than ammonium sulphate, under a technical co-operation agreement, expected to be signed with the U.S. Government. The American contribution will be 1,150,000 dollars and the Indian Government will spend Rs. 500,000. The varieties of fertiliser which will be imported under this agreement are those that are not yet being manufactured by the Sindri Fertiliser Factory, and will include 5,000 tons of urea and 5,000 tons of ammonium sulphate-nitrate. Half of the imported fertilisers will be sold, while the other half will be distributed free for demonstration purposes.

* * * * * * *

Hungarian-Swedish Goods Exchange Agreement: Representatives of the Hungarian and Swedish Governments have been conducting commercial negotiations in Budapest. On November 17, 1953, they signed an agreement regulating the exchange of goods between the two countries for 1953 and 1954. Hungary will export textiles, pharmaceutical goods, iron and electrical goods and various agricultural produce to Sweden in return for cellulose, wool, rags, staple fibre, ball bearings, steel, various machines and instruments.

* * * * * * *

The Salt Cess Act: The Salt Cess Act, passed by the Indian Parliament during its last session, comes into force from January 2, 1954. The Act provides for the levy and collection of cess at the rate of two annas per standard maund on salt manufactured in a salt factory solely owned or solely worked by the Central Government. Two clauses provide: (1) The cess on salt levied under the Act shall be collected at the time of the removal of the salt from the place of manufacture. (2) All salt falling under the following categories shall be wholly exempt from the cess leviable under the Act: (a) Salt exported by sea to Japan; and (b) salt manufactured without licences by any individual or group of individuals in cases where the total area of the land from which salt is so manufactured does not exceed ten acres.

INDUSTRY

Sindri Factory to be Expanded: A scheme for the expansion of the Sindri Fertiliser Factory for manufacturing urea and ammonium nitrate is under the consideration of the Government of India. It is understood that the scheme might cost between Rs. 6 crores and Rs. 8 crores, though the actual figure would be known only after tenders were received by February this year. The Government expected assistance under the terms of the Technical Co-operation Agreement with the United States in this connection. The Sindri Factory is expected to manufacture its own coke this year, and the resultant coke oven-gas could be utilised for the manufacture of urea and ammonium nitrate.

* * * * * * *

Oil Discovered in Australia: At "Rough Range No. 1", West Australia Petroleum ("WAPET") has been testing oil showings on a sand at 3,605 to 3,620 feet. Perforation tests showed a very waxy crude oil which flowed for 25 hours at the rate of 23 barrels per hour through a ¼ inch bottomhole choke. The well is located just inland from Exmount Gulf in an isolated section of Australia's west coast, some 700 miles north of Perth. Tests at this depth have now been completed and drilling resumed in accordance with original plans for deep testing. After more than two years of mapping and geological and geophysical exploration, analysis and planning, the West Australian Petroleum Pty. Limited selected the Rough Range site for this first petroleum venture in the surrounding near-desert area.

* * * * * * *

Self-Sufficiency in Transparent Paper: India has reached self-sufficiency in Non-Moisture-Proof Transparent Paper. By the middle of 1954, India is expected to attain self-sufficiency in the Heating-Sealing and Moisture-Proof varieties of Transparent Paper as well. The Travancore Rayons Limited will double their existing capacity of Non-Moisture-Proof Transparent Paper of 80,000 reams a year when their new plant goes into operation in February this year. On account of its transparency, strength, and lack of odour, Transparent Paper made from cellulose is superior to ordinary packaging paper.

* * * * * * *

Woodpulp Production in Finland: Finnish production of woodpulp for sale was 530,000 tons in the first nine months of 1953, or 114,000 tons less than in the corresponding period in 1952 and 235,000 tons less than in 1951. Total production in 1953 is estimated at some 710,000 tons, 156,000 tons less than in 1952 and 322,000 tons less than in 1951. The total market capacity of the Finnish woodpulp industry is 1.15 million tons.

AGRICULTURE

Land Donations for Bhoodan: Land donations totalling 23,56,521 acres had been collected through the Bhoodan movement in different States up to December 5, 1953. According to the report, Bihar with land collections of 12,97,888 acres leads other States in the movement. Land distribution of 39,739 acres to 6,882 landless peasant families has so far been effected in Uttar Pradesh, Tamilnad, Madhya Pradesh, Rajasthan and Hyderabad. The State-wise land collection in acres reported as on December 5, 1953, is as follows: Assam 1,349; Andhra 10,299; Uttar Pradesh 5,00,642; Orissa 47,499; Karnatak 1,634; Kerala 10,000; Gujerat 20,845; Tamiland 14,252; Delhi 7,659; Punjab 3,183; Bengal 3,951; Bihar 12,97,868; Madhya Pradesh 53,628; Madhya Bharat 55,730; Maharashtra 9,564; Vindhya Pradesh 3,963; Saurashtra 8,000; Himachal Pradesh 1,350; Hyderabad 71,695.

POPULATION

India's Livelihood Pattern: According to the 1951 Census Report's third chapter entitled "Livelihood Pattern—1951", out of 1044 lakhs, 710 lakhs or 68.1 per cent are agriculturists and 334 lakhs or 31.9 per cent non-agriculturists. Among agriculturists 64.4 per cent are cultivators of land wholly or mainly owned; cultivating labourers form only 21 per cent. Among in-

come-earners, earners of profit are more than twice as numerous as earners of wages and salaries. 324 lakhs of self-supporting persons are engaged in industries and services other than cultivation. Plantation industries account for 10.6 lakh workers; coal mining 3.1 lakhs; processing and manufacture 92 lakhs; cotton textiles 21 lakhs; metals and chemicals 12.4 lakhs; other manufacturing industries 24.3 lakhs. 59 lakhs are engaged in commerce, 51 lakhs in retail trade and 4.6 lakhs in wholesale trade. 16 lakhs are engaged in construction and utilities, and 19 lakhs in transport, storage and communications. 33 lakhs are engaged in services, of whom 21 lakhs are engaged in public administration—of these 5 lakhs are Central Government employees (including Armed Forces). 14 lakh persons are engaged in domestic services.

MISCELLANEOUS

International Advisory Committee on Scientific Research: The Executive Board of U.N.E.S.C.O. has approved the establishment of an International Advisory Committee on Scientific Research. The task of the Committee will be to assist U.N.E.S.C.O. in carrying out and developing its scientific programme and in promoting international co-operation between national councils and centres of research. The Committee will be composed of 15 members, of whom 12, of different nationalities, will represent national research organisations. The other three members will be representatives of the International Council of Scientific Unions, the Council for International Organisation of Medical Sciences, and the Union of International Engineering Organisations.

* * * * * * *

More than a Million Refugees: There are 15,000 European refugees in northern China, known as the "Shanghai" refugees, according to the U.N. High Commissioner for refugees. In Europe, refugees number 100,000 in camps under the mandate of the U.N. Commissioner (45,000 of them in Germany) and 300,000 in camps not under the Commissioner's mandate. In the Near East, there are 872,000 refugees registered with the U.N. Relief and Works Agency for Palestine Refugees, and another 37,000 who were looking after themselves, but whose means are now exhausted.

* * * * * * *

Bolivia Receives Industrial, Agricultural, Technical Aid: Bolivia has, with the aid of various U.N. agencies succeeded in freeing 2.5 million 'peons' (enslaved debtors) from a primitive and vicious life of exploitation at the hands of the landowners, who till recently controlled the economy and Government of the country. Another reform has extended the right of franchise from 100,000 to 3,500,000 persons. Bolivia has received valuable assistance from the International Bank. Eight U.N. advisers are helping the Government of Bolivia in the spheres of mining, power, industry and administration. Seven additional experts are expected to take assignments in the near future. Experts from the I.L.O., F.A.O., and U.N.E.S.C.O. are also providing advice to various Government departments.

* * * * * * *

Lebanon Ratifies Anti-Crime Convention: In a brief ceremony at U.N. Headquarters, Lebanon became the 43rd country to ratify the U.N. Convention on the Prevention and Punishment of the Crime of Genocide. The Convention, which came into force on January 12, 1951, makes genocide—destruction of national, religious, ethnic or racial groups—a crime under international law.

* * * * * * *

Grant for Social Welfare Work: The Indian Social Welfare Board has approved grants to 239 institutions from all over the country to the tune of Rs. 8.6 lakhs. This is the first instalment of the assistance the Board proposes to provide to Voluntary Welfare Organisations in India. Rs. 2,08,000 go to 60 institutions looking after handicapped and delinquent children; Rs. 2,00,000 to women's institutions; Rs. 1,58,000 to child welfare work through 47 institutions and the balance to 74 organisations doing general welfare work.

* * * * * * *

U.N. Technical Expert for India: The U.N. Technical Assistance Administration is sending an expert to India to advise the Government on the latest mapping techniques by use of photogrammetry. The expert, Mr. Holland K. Hagen (Norway), will advise Indian Officials in the use of the photogrammetric equipment which the T.A.A. is providing and on the training of Indian personnel for this type of work. Photogrammetry is the technique of making measurements of scale drawings from photographs. The T.A.A. is also sending another expert to India to advise on the latest techniques for improving map printing and photographic methods.

* * * * * * *

Japan to Spend £24 Million on Arms Production: A total of 14,000,000,000 yen (24,000,000 sterling) will be spent during the next fiscal year on the production of arms and on equipment needed by Japanese industry. The emphasis in this programme to expand Japan's arms production capacity will be on the aviation industry, fuel refinery equipment for defence purposes, underwater weapons manufacturing and on gunpowder. About half of the needed capital will be raised by the industrialists themselves, while the rest is expected to be provided through loans from the Japan Development Bank and the projected American M.S.A. wheat grant counterpart fund.

* * * * * * *

Scholarships in Public Schools: When the Public Schools of India open for the next year, students drawn from families of the lower income professions like clerks, mechanics, vaids, hotel servants, parcel clerks in railways, workers in the press and peons, will enter their portals. This has been made possible by the Government of India Public School Merit Scholarships Scheme. The Government of India have provided Rs. 1 lakh for the scheme during 1953-54, but as the scholarships will continue till the students leave school, the Government contribution will go on increasing every year till saturation is reached with scholars studying in all the grades.

* * * * * * *

U.K. Disturbed at U.S. Aid to Egypt: The U.S.A. is considering aid to Egypt. Reports from London indicate that Britain was disturbed that the U.S.A. might soon announce a programme of military and/or economic aid to Egypt and upset a settlement of the Suez problem. Egypt is receiving some $16 million during this fiscal year which ends next June.

* * * * * * *

U.N.I.C.E.F. Gift: The Punjab Red Cross Society has received one lakh pounds of dried milk powder and 20 sewing machines from U.N.I.C.E.F. for free distribution in the State. The milk will be distributed among expectant and nursing mothers and undernourished children. The sewing machines will be given to maternity and child welfare centres. The Society has also received medicines and tonics worth Rs. 21,000 from U.N.I.C.E.F. for distribution among nursing and expectant mothers, and children.

* * * * * * *

U.S. Equipment for Allies: The U.S. Defence Secretary, Mr. Charles E. Wilson, said recently that in the four years ended last June the United States had shipped its Allies 7,800,000 tons of military equipment and weapons valued at 7,000,000,000 dollars. These figures do not include aircraft and ships delivered under their own power. He listed their deliveries to overseas Allies: Tanks and combat vehicles: 27,000; artillery pieces: 2,580; small arms and machine-guns: 1,500,000, motor transport vehicles: 147,000; naval vessels: 546; aircraft 4,340. More than half of the military aid shipments—4,000,000 tons, worth 3,800,000,000 dollars—were delivered in the fiscal year 1952-53.

NEWS IN BRIEF

INDIAN

The Government of India has completely decontrolled coarse grains—jowar, bajra, maize, barley and other minor millets—with effect from January 1, 1954, according to a Food and Agriculture Ministry Press note issued recently. It has also been decided completely to decontrol gram. There will now be no restriction on its movement from one place to another.

* * * * * * * *

A three-and-a-half-mile long drain has been executed through the collective efforts of about 6,000 villagers at Antari in the Partapgar district of U.P. It will irrigate 10,000 acres of land and eradicate malaria from 36 villages around it. It is estimated that about one lakh maunds of additional food grains will be produced as a result of the irrigation facilities provided by this drain.

* * * * * * * *

The first project report of the Siemmens for the establishment of a heavy electrical equipment factory in the country would be available in the first week of January, it was learnt from authoritative sources in New Delhi. If the project is finalised and approved, it is estimated that it would involve an investment of about Rs. 40 to Rs. 50 crores. The factory will be designed to meet almost all requirements of the country in the matter of heavy electrical equipment for executing and maintaining various hydro-electric projects.

* * * * * * *

The following members have been renominated by the Government of India to serve on the Central Advisory Board of Education for a period of three years: Dr. Zakir Hussain; Prof. N. K. Sidhanta; Mrs. Hansa Mehta; Mrs. Hannah Sen and Mrs. Zarina Currimbhoy. Dr. K. L. Shrimali, Dr. J. C. Ghosh and Dr. S. S. Bhatnagar have been nominated by the Government of India as members of the Central Advisory Board of Education.

* * * * * * *

Ninety thousand lbs. of skimmed milk powder and 100,000 multi-vitamin tablets have been allotted to the Rajasthan State branch of Indian Red Cross Society, out of the gift received from the American Red Cross for under-nourished children, and expectant and nursing mothers.

* * * * * * *

India produced about 250 feature films during 1953, as against 233 in 1952. Western India contributed 119 feature films to this all-India production, according to Mr. Jaimani Dewan, president of the Indian Motion Picture Producers' Association (IMPPA). Box office collections had recorded an overall fall of over 25 per cent, while the fall in collections per average picture was anything between 40 and 60 per cent. Production of pictures in Hindi had received a set-back since 1947 and about 60 per cent of the annual output is in regional languages.

* * * * * * *

The next session of the House of the People will commence on Monday, February 15, 1954, it was officially stated in New Delhi.

* * * * * * *

Mr. Shri Ram, Chairman of the Board of Directors of the Industrial Finance Corporation, it is gathered, has submitted his resignation from chairmanship of the Corporation to the Government of India. It is presumed that he has taken this step in view of the recommendation made by the Industrial Corporation Inquiry Committee that the Corporation should have a whole-time paid chairman to be appointed by Government.

* * * * * * *

The total deposits in post office savings banks for 1952-53 amounted to Rs. 120.54 crores. The corresponding figure for 1951-52 was 117.78 crores.

FOREIGN

The U.S. Census Bureau estimates that—as the new year begins—the United States population, including armed forces overseas, is about 161,200,000. This is an increase of about 2,700,000 during 1953 and an increase of about 10,000,000 since the April 1950 Census.

* * * * * * *

A spokesman for Fairchild Aircraft Company, of Hagerstown, Maryland, said two Fairchild C-119 'flying boxcars' would be delivered to the Indian Air Force during January. He said deliveries of 24 additional C-119s ordered by India would start in September, 1954. In recent weeks, he added, Indian air officials had visited the factory to familiarise themselves with the planes.

* * * * * * *

Japan's rice harvest last year was estimated by the Agriculture and Forestry Ministry at 274,619,000 bushels, smaller by 56 million bushels than 1952's actual harvest of 330,760,400 bushels. The Ministry said that this made last year's crop the worst harvest in 19 years.

* * * * * * *

China will concentrate its main efforts in 1954 on building up heavy industries and railways, according to a Government newspaper quoted by the New China News Agency. The review of the old year and a stock-taking for the new said the tasks for 1954 were "tremendous," while 1953 had been marked by "adverse natural conditions in certain areas."

* * * * * * *

India, Ceylon and Canada have agreed to launch a joint tea propaganda campaign in Canada from the middle of this year, it is reliably understood. Negotiations between the two producer countries, India and Ceylon, and trade circles in Canada during last few months have resulted in this decision.

* * * * * * *

A further 900 former German war prisoners released from the Soviet Union—the eleventh batch since September, 1953,—arrived recently at Fuerstenwalde, near the Polish-East German border, Red Cross officials have announced.

* * * * * * *

The Swiss Alpine Club will make a new bid to scale the world's highest peak, Mount Everest, conquered by Tensing and Hillary. Before the successful British expedition to the Everest in 1953, the Swiss had reached the highest point on the mountain—Lambert and Tensing having gone up to 27,750 feet. The team is expected here in March, 1954. Three other expeditions are also visiting the Himalayas this spring. They are sponsored by the California Himalayan Committee (attempt on Makalu, 27,790 feet, east of Everest), the Japanese Himalayan Club (attempt on Manaslu, 26,658 feet) and an Argentine attempt on Dhaulagiri (26,795 feet).

* * * * * * *

More than one death every nine minutes was the toll on the U.S. highways over the three-day Christmas week-end. The number of 523 deaths in automobile accidents was only slightly less than the 545 record in 1950. A total of 717 deaths in accidents of all types took place.

* * * * * * *

The Public Health Service, an adjunct of the U.S. Federal Security Agency, announced recently that 155 construction projects, at a cost of $38 million, for river and stream purification plants were approved in the third quarter of 1953. Of these 87 were new plants and 68 were additions.

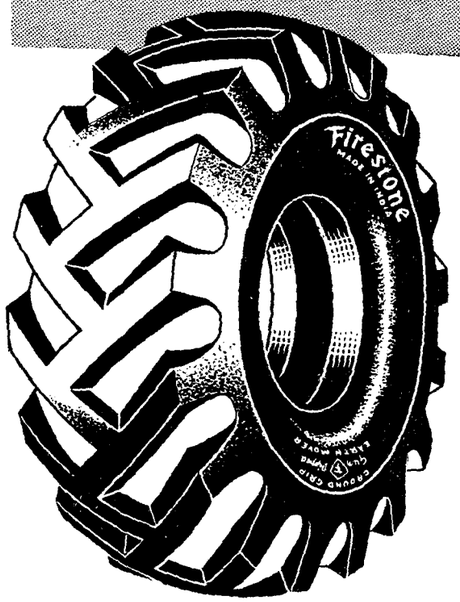
Firestone

Proudly Presents

THE FIRST

"earthmover"

MADE IN INDIA



India has now entered a phase of development and construction of huge dams, irrigation projects and hydro-electric generation which is an integral part of its Five-Year Plan to raise the living standards of the people within the shortest possible time. To accomplish this, large quantities of earth-moving equipment are required and, to match this equipment, a correspondingly large number of special tyres are needed. Firestone immediately responded to this demand and now present with pride the *first* earthmover Tyre to be built in India.

ANOTHER Firestone FIRST !



TO SPEED THE PROGRESS OF THE FIVE-YEAR PLAN

A Window On The World

CHOOSE YOUR FAVOURITE IMPERIALISM

By

ODYSSEUS

[Owing to the vagaries of the mails, one of the series of five articles by Odysseus on India's foreign policy and Western and Communist imperialism was lost. The missing article appears below.—ED.]

IT IS 200 PER CENT UNDERSTANDABLE that India, having been conquered by a Western power and having gained her independence, should be distrustful of Western imperialism. Shortly after independence, observes Dr. Werner Levi in his new book "Free India in Asia", if Western policy could be interpreted in more than one way, the imperialist interpretation was that most likely to be chosen, and he adds "it was a one-track approach, understandable, but not necessarily excusable."

Let us consider Western imperialism. The first fact to grasp is that no situation in any country of the world stands still to be gazed at as in a crystal; it is in a constant state of change, like the coloured pieces in a kaleidoscope that is being slowly but remorsely revolved by the unseen hand of Destiny. The trouble about the history books that we read at school is that they inevitably create the impression that history came to a full stop a few years before we were born, and that it can be conveniently picked up and studied at leisure like a curio in a glass case. But history books begin going out of date on the day that they are published. History never pauses for breath any more than we do. And one of the major developments that has not yet got into the history text books is that the Western imperialism of which India experienced the full blast for a century received its death blow on August 15, 1947.

Dr. Levi observes that when India began her existence as an independent State, she was the uncompromising champion of all peoples still under colonial rule and Pandit Nehru bluntly asserted: "No foreign power should have any colonial territories in Asia," a sentiment which I, for one, heartily endorse. Of course, France should yield control of her colonial islets in India; of course, the British should concede independence to Malaya at the earliest possible moment; of course, the Indo-Chinese should be allowed to manage their own affairs. But what about Sakhalin, the Kuriles, Armenia, Azerbaidzhan, Georgia, Turkmenistan, Uzbekistan, Kazakhstan, and Kirghistan? I'll have a small bet that many people have never heard of some of these places. Yet:

A FORGOTTEN ASIAN EMPIRE

(1) They cover an area the size of undivided India.

(2) All were conquered or absorbed by Russia in the nineteenth or twentieth centuries.

(3) Their peoples are just about as closely related by racial and cultural ties to the Russians as Indians are to the British!

(4) All of them have honourable traditions of struggles for their independence, and their stories fall into the same pattern as those of colonial peoples everywhere.

What is the difference between Russia's colonies in Asia and those colonies which used to be, or still are, under Western control? Only one : the struggle for independence could be observed and reported with comparative ease in British, French, or American territories, but the non-Russian territories of the U.S.S.R. are cut off from all contact with the non-Communist world. Foreign correspondents could visit India and report Gandhiji's salt march. The Amritsar tragedy could shock the civilised world and play its part in arousing the British conscience to action. But how many people have heard of the anti-Soviet insurrection in Georgia that broke out on August 27, 1924, in which some 3,000 Georgians perished? Only the student who is able to read Russian and who has the time to track down and puzzle out the interpretation of obscure declarations in the Soviet press, such as the following made by M. D. Bagirov, for ten years the leading Ogpu official in Azerbaidzhan and the first secretary of the local Communist party since 1937: "From the very first days of the existence of the Communist party in Azerbaidzhan, national deviationists tried to counteract by every means the formation of a firmly united monolithic Bolshevik party...."

Indian nationalists used to make great play of the circumstances in which Clive won the battle of Plassey in 1757, when with only 3,000 men he defeated Surajah Dowlah's army of 60,000 and secured Bengal for Britain. Have they ever heard of General Chernayev's great victory on June 15, 1865, when with only 1,500 men he captured Tashkent held by 30,000 men with fifty guns? Only two persons were killed in the final "assault" on the city. Russian historians describe this as "the most triumphant day of the whole central Asian campaign". Is there any reason why Tashkent children, who read such self-congratulatory remarks in the text books written by the Russians which they have to use in their schools, should feel any less humiliated than Indian children did in the bad old days? The only difference is that for Indians the bad old days have ended happily. In central Asia they continue. This area east of the Caspian Sea and south of the lakes of Aral and Balkash is, in terms of power, of far greater importance than the whole vast area of Siberia (with whose name and features most people are much more familiar), for central Asia gives Russia a vantage point from which she can elbow Afghanistan, keep an eye on India, and feel the pulse of western China. It was the possession of this area which turned the Europeans whom we call Russians into a great Asiatic power. If the peoples of central Asia were to throw off the foreign yoke, Russia would cease to menace India and China and would sink to the status of France in Asian affairs.

THE BENEFITS OF IMPERIALIST RULE

But, say those who are always ready to give the U.S.S.R. the benefit of the doubt, Soviet colonial methods are unlike those of other Europeans; they are humane, and have substantially raised the colonial standard of living. But was this not precisely the argument used by apologists of British rule in India? British assertions of the benefits conferred on India did not cut much ice in nationalist circles. And do Soviet sympathisers know anything about the "good work" that the Soviets achieved, for example, when settling the nomads in conquered Kirghistan? This is a typical example of the sort of thing that used to evoke official complacency in India when British authorities drew attention to the land settlement and other administrative achievements. The settlement of the nomads in Kirghistan was accompanied according to official U.S.S.R. statistics by a decline in the number of sheep and goats from 3,665,000 in 1914 to 1,886,000 in 1937. The Communist party alleged that Kirghistan "nationalists" were responsible for this economic disaster. The opposition to the settlement of the nomads

was officially referred to as Sydkovism, after Abdurkerim Sydkov, accused of leading a nationalist counter-revolution. Another prominent Kirghiz expelled from the party was Prime Minister Yusup Abdurkhumanov, denounced as a traitor because he asked that no Kirghiz India to those used by the apologists of Soviet colonial that recalls old controversies in India about the export of wheat while there were famine shortages inside the country.

The resemblances between the arguments that used to be employed by the apologists of British rule in India to those used by the apologists of Soviet colonial rule are striking enough to suggest the essential similarity of colonialism in all countries. For example, Soviet writers state that the union of Kazakhstan with Russia prevented the enslavement of the Kazakhs by the "barbarian States of the Orient" (sic!) and brought them into close contact with a country "incomparably more civilised than all its Asiatic neighbours" (sic!). The Soviets state that the annexation of Kazakhstan ended the division of the country between China, Russia and Kokand, and opened the door to modern economic progress.

The Soviets state that Kazakhstan has never been a distinct and organised State but only a group of loosely associated "hordes," whereas the Soviet regime has enabled the Kazakhs to have a real State of their own at last—the Kazakhs S.S.R. Rabrindranath Tagore, Gokhale, and other exponents of India's cause and culture, would have understood at once why even Kazakh Communist party members, whose loyalty to the regime was beyond suspicion, rejected these claims, which they regarded as insulting and belittling. These Kazakh nationalist deviationists dared to assert their views in a "History of Kazakh S.S.R.", published in 1943. They were at once charged with "grave errors" (a) in considering Czarist Russia as being their country's worst enemy; (b) in regretting the liquidation of the traditional horde organisation; (c) in making national heroes out of those who defied Russian rule. Their "History" was speedily withdrawn. A revised edition issued in 1949 was also criticised for its nationalism and it was not until 1951 that a satisfactory edition was forced out of the Kazakh writers: this edition proves that Kazakhstan is a Russian dependency not only politically but culturally.

ODYSSEUS IS ENCOURAGED

I have received the following letter which refers to the final article of a series of four with the general title "Is Philosophy of Practical Value?":

"Dear Sir, May I send you a line of congratulation for your extremely penetrating article in the number for November 6, 1953. You have put your finger on what is undoubtedly the greatest problem of our age.

"I hope that from time to time you will refer to this problem as it is impossible to remind intelligent people too often and too often of its existence. Yours faithfully,

W. R. Crocker,

High Commissioner for Australia in India."

I am touched by Mr. Crocker's generous words. One who writes a weekly column shoots at an unseen target. Rarely can he know whether he has hit the mark, i.e., whether he has succeeded in communicating to his readers his own interest in the matter under discussion. All that he can do is to explain why something is important to himself and hope that others will find it important too.

Mr. Crocker's letter encourages me to believe that the research and reflection that lie behind this weekly page and a half, (which does not, alas, write itself) are worth the trouble. Thank you, Mr. Crocker.

[The previous articles on the closely related topics of India's foreign policy and Western and Communist imperialism were: "Asian Solidarity—Fact or Fiction?" (November 13); "Some Books on Foreign Policy" (November 20); "Communist Imperialism" (November 27); "Who Will Pick Up the Apples?" (December 11).

Those who wish to pursue the subject more deeply may find the following books helpful: "Free India in Asia" by Dr. Werner Levi (Minnesota University Press, 1952); "Twentieth Century Empire" by H. V. Hodson (Faber and Faber, 1948); "Twenty Years Crisis" (Macmillan, 1939) and "Conditions of Peace" (Macmillan, 1942) both by Professor E. H. Carr; "The Balance of Tomorrow" by R. Strausz-Hupe (Putnam, New York, 1945); "Inquest on an Ally", a study of Soviet foreign policy by Paul Winterton (Cresset Press, 1948); "Russia and Her Colonies" by Walter Kolarz (G. Philips and Sons, 1952); "What is Communism?" by J. Plamenatz (National News Letter, London, 1949)].





A good book and . . .



a good cup of **TEA**
are ideal companions

AND A GOOD CUP OF TEA IS MADE THIS WAY

• Boil fresh water • Rinse out teapot with boiled water • Put in one teaspoonful of tea for every person and one extra teaspoonful for the pot • Stand tea for four to six minutes before serving • Add milk and sugar after tea has been poured into cup

* *1,250,000 workers are employed in the Indian tea industry.*

ISSUED BY CENTRAL TEA BOARD CTB-G-54

BOOK REVIEWS

PUBLIC OPINION RESEARCH

International Social Science Bulletin of U.N.E.S.C.O.: Vol. V. No. 3, 1953: $1.00; 6sh; 300 fr.

This special issue of U.N.E.S.C.O.'s "International Social Science Bulletin" is devoted completely to the subject of Public Opinion Research. There is an introduction by Dr. George Gallup which describes the beginnings of the Gallup Polls and talks optimistically about the next twenty years. It is a most stimulating piece, indicating the tremendous advance that has been made in the scientific study of public opinion. Dr. Gallup, perhaps surprisingly, expresses the view that there is no real social value in forecasting elections. But he argues these forecasts have brought important improvements in research technique and have added greatly to our knowledge of human behaviour. He illustrates this in the Public Health field by reference to applications in poliomyletis and the common cold. Apparently what people think of various forms of treatment is an important scientific fact in formulating public health campaigns.

A very interesting account of a survey conducted by the W.A.P.O.R. (The World Association for Public Opinion Research) on behalf of the U.N.E.S.C.O. appears in this bulletin. Surveys were conducted in one town each of the United Kingdom, Sweden and France. The towns selected were Cambridge, Uppsala and Grenoble, towns with high levels of education, being University centres and towns of tourist attraction. The object of the surveys was to find out the public's information about the Universal Declaration of Human Rights, and their attitude towards it. The survey was conducted covering a sample of 500 subjects in each of the three towns. This was followed by an intensive publicity campaign lasting from three weeks to a month. Immediately following on the campaign, a second survey was conducted covering a new sample of subjects equal in number and exactly comparable with the sample questioned in the first survey. The result of one of the smaller surveys is given below:

Opinion on the Work of the United Nations Before and After a Publicity Campaign

	Cambridge		Uppsala		Grenoble	
	1	2	1	2	1	2
	%	%	%	%	%	%
Satisfaction ..	45	50	53	61	49	49
Dissatisfaction ..	32	27	16	13	29	22
No views ..	23	23	31	26	22	29

The results in respect of the work of the United Nations given above seem to show that satisfaction with the United Nations is a commodity which (within limits) can be sold at least in Cambridge and Uppsala!

CLOTH FOR THE PEOPLE

Clothing India's Millions: Published by the Millowners' Association, Bombay.

Whether one agrees with the view that man took the most significant step towards civilisation when he learned the use of wool and cotton and turned them into cloth to cover his nakedness, one must agree with the view that the story of cloth is a most fascinating one. It is not only fascinating but is the basis of the livelihood of millions of people in this country—those who grow and market the cotton, those who convert it into yarn and cloth and who, in their turn, market the finished products.

Whatever may be the place of handlooms or powerlooms in the economy of the country, the cotton mill industry also has come to stay. And at a time when the whole country is convulsed with passionate pleadings for the survival of this sector or that of the textile industry, it is a happy idea of the Millowners' Association, Bombay, to take upon itself the task of acquainting the public with all aspects of the mill industry. The illustrated booklet brought out by it, which is the first of its kind to be published on the cotton mill industry in India, is an excellent piece of work and should undoubtedly succeed in its aim of creating a wider interest among the public in this premier industry of India.

The total amount of money invested in the cotton industry is Rs. 104 crores. There are 453 cotton mills in the country of which as many as 200 mills are located in the State of Bombay, Bombay City and Island alone having 65 mills. There are 1,14,27,034 spindles and 2,03,786 looms. The mills consume about 30 lakh bales of Indian cotton, if not more, every year and thereby give to the cotton growing sector of agriculture alone as much as Rs. 121 crores. The latest five-year (1948-52) annual average production of yarn and cloth by the mills in India was 134 crore lbs. and 413 crore yds., respectively, but the production for 1953 exceeded even these high figures. It might interest one to know that, with the yarn turned out by the mills in India in one year, it is possible to girdle the globe 6 lakh times! The industry engages 7,43,000 operatives, besides providing employment to a large number of people engaged in the manufacture of textile auxiliaries.

On an average, the industry has been contributing every year to the Government more than Rs. 10 crores by way of taxes. In addition, the Government collects about Rs. 20 crores from excise duties on mill cloth and, although regarded as a powerful competitor to the handloom and khadi industry, it is out of these Rs. 20 crores that a sum of nearly Rs. 6 crores is being spent on the development of the handloom and khadi industry. In short, the cotton mill industry in the country plays a very important part and has been contributing to the economic prosperity of the country in a number of ways. This year, by the way, marks the hundredth year of the beginning of the cotton mill industry in India.

TWO ANNUAL REVIEW NUMBERS

Capital's Annual Review of Trade, Commerce and Industry: December 1953: Rs. 5.

'Capital's' Annual Review of Trade, Commerce and Industry has come to occupy a special position in respect of Annual Numbers. For one thing, it comes out earlier than all the others, the present issue having been a supplement to 'Capital' of December 17. It is also a specialised study containing articles on trade, commerce and industry only with a powerful selective influence at work.

The current issue contains a brilliant article on 'Industrial and Agricultural Development in India' by Colin Clark, perhaps the most stimulating of modern econometricians. There is also a fine piece on 'Foreign Investment and Underdevelopment' by Geoffrey Tyson, a former Editor of 'Capital'. Mr. W. H. J. Christie of the British India Corporation writes on 'Recruitment for Business in India' with special reference to the pace of Indianisation. Dr. N. Das, Secretary of Industry and

Commerce of the West Bengal Government does an interesting piece on the 'Economic Position of the Average Indian'. This piece just fails to establish whether the total standard of living has gone up. It is a pity that the figure for food grain consumption stops short at 1951-52 which shows a supply per head of 279.8 lbs. against 310.7 for 1949-50. Surely the position was much better in 1952-53 and is no worse in the current year. Even as it is, the improvement in salt, sugar, and tea consumption shown in this article is heartening. Mr. D. C. Driver, who has made himself a leading authority on Indian coal looked at from the consumer's angle, writes on this theme and 'Capital's' Legal Correspondent deals in a most interesting article 'Summary Dismissal and Discharge' with some Indian decisions affecting the right of a master to dismiss an employee without notice. There are special reviews of the Tea and Jute industries and the Calcutta Stock Exchange which will be read with great interest. This is remarkably a good review for which congratulations are due to 'Capital's' enterprising Editor, Mr. Neil McInnes.

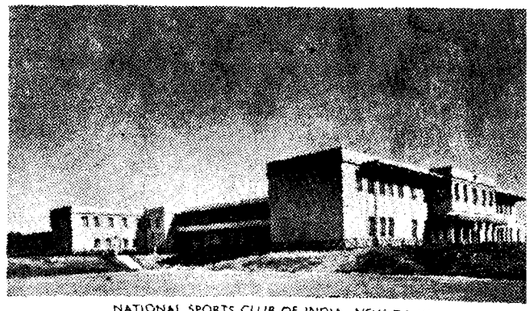
Commerce, 1953. Annual Review Number:
Price Rs. 7-8.

'Commerce', 1953 annual review number is if anything even more elaborate than those that have gone before. It runs into 182 pages with material and writers drawn from almost every range of economic activity in India and some from abroad. Mr. Eugene R. Black writes on 'India and the World Bank'; Mr. A. D. Gorwala on 'The Unemployment Problem'; Mr. Ivar Rooth on 'Task Before International Monetary Fund'; Mr. S. T. Sadasivan on 'The Role of Commercial Banks in Industrial Finance'; Dr. S. S. Bhatnagar on 'Scientific Research in India'; Mr. K. K. Birla on 'Sidelights on Sugar Industry'; Mr. K. D. Jalan on 'Outlook for the Jute Industry'; Mr. K. G. Milne on 'Electric Supply Industry'; Mr. Ivor Bull, the leading exponent of coffee problems in India, on 'Coffee—The Key to the Malnad' and Mr. V. I. Chacko on 'Planning in Independent India'. There is also the standard review of particular industries and the trends of markets of 1953 with some vital economic statistics added. This is a remarkable production worth much more than seven and a half rupees at which it is priced.

IMPERIAL BANK OF INDIA

INCOME-TAX RETURNS PREPARED AND CLAIMS MADE ON BEHALF OF CONSTITUENTS

Local Head Office
CALCUTTA - BOMBAY - MADRAS
and Over 400 Branches and Sub-Offices throughout India, Pakistan, Burma and Ceylon.
London Office
25, Old Broad Street


NATIONAL SPORTS CLUB OF INDIA—NEW DELHI

Wired With PARAMITE Cables
MADE IN THE TROPICS FOR THE TROPICS
ARCHITECTS
GREGSON BATLEY & KING
BOMBAY
ELECTRICAL CONTRACTORS
TRILOK CHAND & CO.
NEW DELHI
THE INDIAN CABLE CO., LTD.
9, HARE STREET, CALCUTTA.
WORKS : TATANAGAR
Agents : GILLANDERS ARBUTHNOT & CO., LTD.
BOMBAY • NEW DELHI • MADRAS
FOS 4P

THE HIND BANK LTD.
9, ROYAL EXCHANGE PLACE, CALCUTTA.
FOR COMPLETE BANKING SERVICE
SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 20,00,000
Connections in all principal centres of the world
Chairman Mr. K. P. GOENKA
General Manager Mr. S. D. PARDIWALLA.

A DELHI DIARY

THE BRIDGE OF SIGHS?

A NICE debate arose yesterday in New Delhi if the serious railway accident which occurred at Bhatinda on Monday was the effect of the collapse of the bridge or was due to neglect on the part of the train staff. On Wednesday, Mr. Karnail Singh, Manager of the Northern Railway (who, incidentally, has done a very remarkable job on this Railway), felt impelled to correct some errors of "information". The bridge, it seems, is intact. The trouble was that "a breach in the canal just below the downstream of the bridge (sic!) had occurred and had eroded a portion of the railway embankment removing the support from under the track." This, I agree, clears the bridge and, I suppose, those responsible for the maintenance of the bridge. But since those responsible for the maintenance of the bridge are also responsible for the track (or can there really be intense division of labour here?) it seems to me that the responsibility lies exactly where it did before. Nor, to my mind, is the seriousness of this accident, the seventh on the Indian Railways in seven days, greatly abated by the reduced toll of the dead and injured. There were 17 killed and 41 injured; it is just fortunate that in 24 of these 41 cases injuries were not serious.

A RAILWAY HERO

I do not think that it was Mr. Karnail Singh's intention to produce complacency or deprecate public criticism of the failure of the track maintenance staff to set right the breach before the train came over. There is urgent need for exemplary punishment in case of failures of duty which reflect themselves in railway accidents. Likewise, I hope there will be tremendous rewards available to the members of the family of men like engine-driver Daulatram of this same ill-fated train. It has been placed on record that Daulatram's body "had to be torn from the vacuum brake which he was clutching at the moment of his death". He bore extensive burns on the head and chest but seems to have thrown himself on the vacuum brake in a desperate attempt to stop the train. It is believed that this action saved three bogies and about five hundred persons. I like to think that it is of men such as these that the new India is made.

AND DECORATIONS

Have we no decorations fit for acts of heroism such as these? It was announced this week that the President has instituted two types of awards known as Bharat Ratna and Padma Vibhushan for exceptional service to the country. The former is "for exceptional services towards the advancement of art, literature and science and in recognition of public service of the highest order." The Padma Vibhushan (in three classes!) will be awarded for distinguished public service including service rendered by Government servants. I am not quite clear on the precise difference between the two, but I welcome the addition (in a country which in its Constitution has frowned on titles) to these new forms of recognition for public service.

I consider that we were too hasty to abandon titles when we framed our Constitution. The spirit of this section was also to abandon civil decorations. Now that we have come back (rightly in my opinion) to civil decorations, why should we continue to jib at titles? The Order of Lenin and the Order of Stalin are greatly prized honours in a country which is supposed to have abolished all privilege. Would not an institution of Heroes of the Indian Union enable new production records to be set in special fields? Now that it is almost certain that the Constitution is to be revised, surely it would be a good thing to allow both decorations and titles. Who can doubt that the institution of the present decorations is against the spirit of India's Constitution?

SARTORIAL DIRECTIVES

Meanwhile, may I, finding myself in a critical mood, speak frankly on the Prime Minister's three-page circular on dress for Government officials. It is true that this note is "not an order but a recommendation for the present" implying that compulsion is only some distance away. As I see it, Government officials will tend to comply, because this is hardly a matter on which most officials will choose to incur the displeasure of the Prime Minister. There may even be some (gentle!) competition to get in first.

It is not the order in itself which is a serious matter. It is the direction about which I am concerned. India is moving in acts such as these towards a kind of regimentation which is bad for the national spirit. For formal occasions the Government has every right to prescribe dress and insist (not merely recommend!) on compliance. But when people have in the heat of summer to wear "buttoned-up short coats and trousers" surely there is an unduly heavy demand placed upon officials only. I think in a matter like this, the direction will be resented; people like at least when working to be clad as suits them best. And both because of this mental resistance and the unsuitability of the prescribed attire for some seasons, I prophesy there will be a further (small!) decline in efficiency.

There is another matter which troubles me. Can it be that the Prime Minister's order of priority of important things is so mistaken as to allow him to devote so much time and thought to this particular matter as he seems to have done? I have not yet (failing in curiosity!) seen this note which runs into two closely-typed pages. I am told, however, that the note surveys "the sartorial changes in India and the world from pre-historic to Moghul and British times" and arrives at the conclusion that since habits and climatic conditions are different in different parts of India, no attempt need be made to bring about uniformity in dress. Recognising that habits are different, the Prime Minister then promptly proceeds to prescribe uniformity. Was the historical preamble really necessary in order to make the Madrasi, the Bengali, the Gujerati and so on wear the same attire merely because they work in the Central Secretariat in New Delhi?

AND POSTAL RATES

There was another disturbing announcement which fortunately has been quickly laid to rest. It was reported after Mr. Jagjivan Ram had spoken at Silchar this week that postal rates were going up all over again. Fortunately, Mr. Jagjivan Ram quickly heard the groan which emanated from many (misinformed!) sources and his Ministry was quick with an assurance. The notification said: "The Minister was replying to suggestions demanding reduction in some postal rates. The gist of what the Minister had stated was that there were losses on many items of the Postal Department and, therefore, it was not at all possible to reduce the existing postal rates. On the other hand, there was every justification for increasing some of the postal rates. But no increase in postal rates is under contemplation."

All's well that ends well!

ARGUS.

SPECIAL ARTICLES

THE CASE FOR COFFEE

THE response at the local auctions in Coimbatore, Tiruchirapalli, and Madurai, even in the month of December (after the minimum release prices and the revised sale prices at Coffee Houses had gone into effect) having been poorer than was anticipated, the Indian Coffee Board is now carrying into the year 1954 an estimated quantity of 8,500 tons from the old coffee crop. Together with the anticipated 1953-54 crop, which is now placed at about 24,500 tons, this means that the embarrassing situation in the coffee trade still continues to persist.

The poor response at the auctions cannot be explained except on the assumption that the trade is bearish and uncertain in its outlook. There is an exportable surplus. But even the Coffee Board, meeting last month, could not make up its mind regarding export allocations, but postponed consideration of the question till February 1954. Exports moreover are likely to be delayed, even if prompt action is taken. The old crop has deteriorated during the time that it had to be stored and did not move; and exports will, therefore, have to be arranged primarily from the new crop. Meantime, even though pool payments by the Board for the 1954 crop have now been reduced, the Board is still faced with the problem of financing itself from sales in order to reduce its seasonal overdraft—it has asked on the other hand that its borrowing powers should again be raised. All this is so unusual that the time has clearly arrived when the problems of the coffee planters should be examined at some length.

The disagreements between the Board and the Government of India are now too well advertised to be politely overlooked and, perhaps, the immediate prospect is also not encouraging from this point of view, because the Bill to amend the Coffee Market Expansion Act and the decision, if any, on exports may continue to divide those responsible for regulating the marketing of coffee. Some issues in the present controversy must, however, be highlighted in the interests of Indian coffee generally.

The trade has recently protested against the reduction in the estimated cost of production of coffee (from Rs. 2-7-1 per point, this is believed to have been reduced to Rs. 2-1-0 per point as a result of the cost-accounting enquiry recently conducted by the Government). It has urged that the official attitude which is that this cost is not so much the minimum return to be secured to the grower as a fixed return, and the still later decision to subsidise internal prices from export prices, which means of necessity that internal release prices cannot be certain, will together affect production, and at the least arrest the recovery of the coffee plantations. This recovery has so far been very steady since the depression of 1940, thanks to the incentives which the marketing policies of the Board have provided, and it would be a retrograde step if the attraction of a good price were now to be withdrawn.

It may seem at first that the coming year's crop at 24,500 tons is a refutation of this argument. But the economic life of the coffee plant is about fifty years; and it matures after six or eight years of growth—with the result that no one can now say how far the uncertainty and the bearish outlook, which have prevailed in the recent past, have really affected production. At the least, however, the tendency to plant robusta rather than the more delicate arabica, which has been in evidence in recent times, will be confirmed as a result of present developments. Cultural and manurial practices may also be affected, with results which can be apparent only after a few years.

The first cost-accounting enquiry which was undertaken by the Government of India in 1945 emphasized the insecurity of investment in the coffee plantations, and pointed out that the return should be adequate, the good years taken with the bad, to ensure steady progress. During the last decade or so, whatever the Indian Coffee Board has done or failed to do, it has extended cultivation and production, and has provided employment; and in view of the work which still remains to be done, the absence of a certain and reasonable policy is bound, therefore, to lead to anything but the desirable consequences.

The area under coffee was once about 300,000 acres. Future possibilities, if the present rate of extension and improvement is kept up or improved upon, have not been studied. But the Coffee Board thinks that production can be stepped up to at least 40,000 tons; and individual planters have put a reasonable target at about 35,000 tons in fifteen years. The Coffee Board estimates that there are about 100,000 acres in South India which can be planted now with coffee; and its cautious estimate has apparently been based on a rough appraisal of the possibilities of extensive rather than intensive cultivation. Experience on the area belonging to the Consolidated Coffee Estates justifies, however, estimates of future production, which are much more optimistic and which might indeed be described as wild, but for the fact that modernisation has taken place on a large scale in this area, and intensive cultivation has been fully justified by the results.

The Chairman of the Consolidated Coffee Estates looks forward to export possibilities of the order of 24,000 tons in fifteen years and 80,000 tons ultimately. This latter estimate, if realised, will bring valuable foreign exchange, much of it in the shape of dollars, perhaps. It would also make India one of the world's four most important exporters of coffee. The stakes are thus high; and the experience of the Consolidated Coffee Estates is so valuable and dependable that there is every reason, contrary to what may appear at first sight, to review the policy in relation to coffee so that the future of this crop in this country is not prejudiced.

The industry has not been too prosperous. Also, the planters' and growers' views have changed a great deal during the last year; and it will not be realistic to exaggerate the importance of the differences which still persist. Speaking for itself and the trade, the Board now wants a realistic and independent enquiry, not only into costs, but also into all the other aspects of coffee-growing. The Board would undoubtedly want also to ensure that the return to the grower is fair. Whether a pool basic price of Rs. 2-4 per point, which works out to a return of Rs. 180 per cwt. for Plantation A, is fair is to be judged, in the opinion of the growers, both in relation to the future of the industry and in relation to the fact that the consumer need not necessarily be benefited only at the expense of the grower. The price received by the grower, it has been estimated, is only about 75 per cent of that which is paid by the consumer.

One of the growers' arguments at the present time is that if only production can be extended, it should be possible, as the results of intensive cultivation over a period of years become available, to subsidise the internal consumer from the proceeds of export coffee. The pooling system, which is now firmly established, makes it easy for the Coffee Board to show this consideration to the Indian consumer, and it may, therefore, be well advised to work for realising the production and export possibilities, about which planters have been more optimistic than they have ever been, rather than to create a bearish psychology in the immediate present, as a means of reducing prices. The contemplated amendment of the Coffee Market Expansion Board, apart from the fact that it seems to be a reflection on the present elected Board, is not welcome to the industry, mainly because it is not sure how the industry would fare in the new set-up, when pricing and marketing policies are destined to be of so much importance to it.

The gist of the industry's demand is that an independent enquiry into coffee prices and marketing should be undertaken, so that the industry's point of view may get a hearing. The decisions taken for the long-term period should be such that the estates and the trade may not be left any longer in any state of uncertainty as to the future prospects of investment in the industry. The Board has for some time been asking for an enquiry by the Tariff Commission. There is little reason, if any, why this request should not be granted.

ACCIDENTS ON RAILWAYS

DURING the week ended January 4 last accidents to trains on Indian railways averaged one per day. This is certainly disconcerting news. The safety record of the railways has not received such a black mark in the course of the last three years. Its severity becomes apparent if these accidents are viewed in relation to the toll of casualties involved. This series of accidents is reminiscent of the first three and a half months of 1950 when the number of accidents rose as high as 18, involving no less than 110 fatal casualties in the first three quarters of 1949-50. The accidents which occurred in quick succession in the week ended last Monday have also marred the fair record achieved so far in the current financial year.

The public mind has every reason to view these rapid occurrences with a feeling of concern. The first accident in this unfortunate series took place in circumstances in which it could be least expected. The Deccan Queen which had almost reached its destination (Victoria Terminus) collided against a suburban local train at a peak traffic hour when great vigilance in traffic control was clearly indicated. The incidence of casualties was kept at 60 injured only because this fast moving train had slowed down. The second collision occurred on New Year's Day very close to Howrah. On the next day, however, the accident to the Raxual-bound train of the North-East Railway proved to be tragic exacting a toll of ten killed. The next day again, two accidents took place—one to a mixed parcel-cum-passenger train near Baroda and the other to a goods train near Kalyan (Bombay). This latter derailment of a goods train can be conveniently excluded from the present discussion since no passenger train was involved in it and no human casualties were entailed. The derailment of a passenger train that took place in the Saran district of Bihar was a minor accident on the last day of this ill-fated week. But the most tragic event, which eclipsed all the other accidents, was the deep plunge that the bogies of the passenger train of the Northern Railway took into a canal near Bhatinda. So severe was the crash that the capsized bogies were interlocked smashing a number of passengers in the debris. The toll of casualties was high with 17 killed and 41 injured. From the safety angle, the earlier accidents and particularly the one near Raxual, were certainly enough to cause concern. But the magnitude of the last disaster was of a nature that demands a searching enquiry.

Accidents by the fact of human nature may recur at intervals, but when they tend to be concentrated in a brief period and occur in situations in which there is no great apprehension of their occurrence, it is desirable and necessary to try to analyse their probable causes. Preventive and precautionary measures may suggest themselves if their source is ascertained accurately on investigation. While the railways have embarked on a five-year programme of rehabilitation and reports indicate an earnest effort to improve their operational performance, set-backs like the present one are indicative of some slackness in vigilance. The recent series of accidents needs to be analysed in relation to accidents in the past few years. They are set out in the table at the end of this page.

Only broad conclusions may be attempted from the figures in the table inasmuch as no fixed trends can be expected in a phenomenon like a railway accident. Whether and to what extent they could be prevented or the damage caused by them minimised is, of course, a matter depending entirely on the facts of each case and individual official investigations may prove of greater help to control their causes to the extent that they are amenable to human control. The year 1947-48 had the worst experience of accidents judged from the major criterion of loss of or injury to human life. Fatal casualties as well as the number of injured persons were the highest in this year and their ratio to the number of passengers carried also was the highest, though the number of accidents—derailments and collisions—was lower than in some other years. In this specific year, the human factor, as represented by the immediate post-partition dislocation of railway operating staff, was a major cause of this high record. Accidents are not necessarily related to the volume and pressure of traffic since 1947-48 did not experience their maximum impact. The year 1950-51, on the other hand, which represents traffic at its peak, had very low incidence of casualties. Broadly speaking, the deterioration which commenced in the first post-war year 1945-46, continued for four years, but it was arrested in 1950-51.

The impact and toll of accidents in 1944-45, when railways were operating under the severe strain of war

ACCIDENTS INVOLVING PASSENGER TRAINS AND THE INCIDENCE OF CASUALTIES

Year	Derailments	Collisions	No. of passengers carried (million)	Killed		Injured	
				Number	Per million passengers carried	Number	Per million passengers carried
1944-45	329	91	971	34	0.04	132	0.14
1945-46	268	73	1,093	89	0.08	253	0.23
1946-47	396	51	1,139	93	0.08	340	0.20
1947-48	308	48	1,044	298	0.29	721	0.69
1948-49	265	34	1,185	55	0.05	260	0.22
1949-50	277	38	1,255	111	0.09	365	0.29
1950-51	239	30	1,308	21	0.02	284	0.22
1951-52	252	32	1,232	38	0.03	294	0.24
Week-ended January 4, 1954	3	3	..	27	..	119	..

with unsatisfactory equipment and rolling stock, was lighter than what is experienced in the recent past. One week's casualties between December 29, 1953 and January 4, 1954 have practically approached the level of the whole of 1944-45.

This is a development which surely warrants a searching investigation. It needs to be interpreted against a changed background. Since the programme of revitalisation of the rolling stock, track and other physical assets was launched three years back, the condition of the railways from the viewpoint of transport capacity has improved considerably in relation to the earlier years chosen for comparison here. The recrudescence of accidents in the recent past tends to show that their causes may not be found to be primarily and necessarily connected with factors other than the human factor. It is not in the least the intention of this article to pre-judge the findings that will emerge after the investigations in individual cases of accidents are completed. Its purpose, on the other hand, is to indicate certain trends in traffic operations which are prima facie warranted by published reports about the accidents. The most tragic accident among these—the accident near Bhatinda—must claim grave attention and so far evidence of sabotage does not seem to be available. At the time of the accident, according to one source, the water in the canal was overflowing the banks. This is a serious allegation which needs thorough investigation. But in any event, full and satisfactory enquiry must be made to ascertain how far those charged with the upkeep and supervision of the railway track were responsible for the occurrence of this tragic derailment.

A majority of the remaining accidents have occurred near important stations or in their yards which is a circumstance of significance. The accidents which took place within one mile of Victoria Terminus and Howrah stations, as also the accident in Saran district while the train was about to enter the station, belong to this category. The collision of the Deccan Queen with a suburban train raises strong queries about the control of the mechanism of automatic signalling. The head-on collision of the Raxual-bound passenger train with a goods train took place within half a mile of the terminus and likewise the derailment of the mixed train 20 miles from Baroda is also stated to have taken place near a road-side station. All these accidents which occurred in the vicinity of railway stations suggest certain strong inferences about the degree of vigilance and alertness shown by the traffic staff. It is also essential to assess in detail how far the inspection and maintenance of the permanent way was carried out on the lines laid down. No hole-and-corner enquiry will do. The public must be informed about the disciplinary action taken against the officers responsible.

Busy men all over the world have come to rely for guidance on weekly journals; they find the kaleidoscopic changes in national and international affairs too rapid and too deep for daily newspapers. Those of discriminating taste choose periodicals which deal with the countries and subjects in which they are interested.

THOUGHT

has earned distinction among Indian journals for its foresight and sober judgment in the nation's political, social and cultural affairs. It has built up a pool of original writers and critics who comment on events with a rare insight and balanced judgment.

THOUGHT's opinion on national and international affairs always claims the ear of responsible persons and organs of public opinion.

Subscription rates:

	ANNUAL	SIX-MONTHLY
Inland	Rs. 12-0-0	Rs. 6-8-0
Foreign: For ordinary sea mail edition	$1.10	17/-
	$5.00	$3.00
For Air Edition:		
EUROPE	£3.17	£2.00
AMERICA	$12.00	$6.50
ASIA	£3.10	£1.17

THOUGHT
35, Faiz Bazar,
DELHI-7
India

THE BUSINESS WORLD

THE INTERNATIONAL TIN AGREEMENT

The International Tin Agreement, which emerged from the discussions at Geneva last month will be welcomed unreservedly by the producing countries. The details of the agreement are simple. Producing and consuming countries (seven and eighteen in number respectively) have one thousand votes each. Ratification by consuming countries with 333 votes and producing countries with 900 votes will bring the agreement into force, and it is to endure for five years from the date of such entry into force. The floor price has been fixed at £640 per ton and the ceiling at £880 per ton. At the floor and the ceiling, it is obligatory for the Council to buy or sell as the case may be. While the price ranges from £640 to £720 per ton, buying is optional. Likewise, while the price ranges from £800 to £880, selling is optional. The size of the buffer stock has been fixed at 25,000 tons, and it is anticipated that if the agreement can be worked on these lines, it will help to stabilise tin prices and to promote orderly mining throughout the Belgian Congo, Ruanda, Urundi, Bolivia, Malaya, Nigeria, Indonesia, and Thailand.

The price range, namely, £720 to £800 which the agreement regards as fair, may appear prima facie to be high. Did not the price of tin go down below £600 per ton in London in July last year? But from the point of view of the consumers generally, the agreement has nevertheless three attractive features.

In the first place, Article XVI, as was inevitable, permits any country on national security considerations to take action which it considers to be appropriate and in that event, a country which considers that its interests are affected can complain, provided there is no war in existence which justifies the action taken under the national security provisions. The complaint will be investigated, and if it is established, the complaining government may be permitted to withdraw.

In the second place, the existing quotas for the producing countries can be altered to the extent of five per cent every year, this degree of flexibility being introduced in order to shift production and export allocations, in case the latter prove to be necessary, from the less efficient to the more efficient countries.

In the third place, the Buffer Stock Account is to be kept separate from the Administrative Account and the producing countries are to bear the gains or losses as the case may be of buffer stock operations. This exempts the consumers from paying for price stabilisation losses. The only grievance which they can have, perhaps, is that from their point of view, the price range selected for stabilisation could have been lower.

Whether this is a substantial grievance is, however, doubtful. The peak of tin prices was reached in February 1951 at £1,620 per ton, and in 1952, not even Mr. Stuart Symington's consumer resistance could pull down prices appreciably. In the contracts negotiated before the private import of tin was permitted into the U.S.A. (from the 1st August, 1952) a price of $1.18 per lb. was regarded as the norm, this being the price negotiated in succession for the British deliveries, for the purchase under the long-term agreement with Indonesia and for the sale to the Reconstruction Finance Corporation of Bolivian tin. These contract prices of 1952 correspond to a sterling price of £944 per long ton and though tin has gone below £600 in the London Metal Exchange since then, a floor of £640 with an option to support the market as long as the price ranges from £640 to £720 is not after all so unreasonable in the light of recent history.

The arguments in favour of a reasonable price are that it will incidentally provide incentives and promote stability in South-East Asia. The wider economic implications of a support price, which are bound to be reflected in the prosperity of the sterling area are undoubtedly important, but to the tin-producing countries themselves price stabilisation is even more directly relevant although obviously tin is not as important as rubber and the stabilisation of tin prices cannot go a very long way, while the future of rubber prices and of the plan recently produced by the Rubber Study Group is uncertain. This broad economic argument is not, however, the only one in favour of price ranges more or less of the order mentioned in the new international tin agreement. The Paley report projected an increase of 49,000 tons in the free world's consumption of newly-mined tin by 1975. If this demand is to be met, the long-term price must be attractive. Only an attractive price will make it possible to prospect for tin in Malaya and to overcome water and labour shortages in Nigeria and the Belgian Congo and to mine for tin in the peculiarly difficult conditions in Bolivia, where deposits at an altitude of 12,000 feet have to be won and tailings left from the earlier treatment of higher grade ores have to be utilised.

At the moment, the agreement depends in substance, though not formally, on ratification by the United States. The United States has from time to time been thinking of minimising the use of tin and of finding substitutes for it. The use of welding, of aluminised steel, and of printed, instead of soldered circuits are examples in point. The time has now arrived, at least in so far as the tin agreement is concerned, when the United States should be thinking of arguments such as those which were used in the Paley report, rather than of the immediately apparent loss or gain. The Geneva discussions have produced a good agreement which deserves to be tried and, therefore, at this stage ratified.

THE GERMAN ACHIEVEMENT

(From Our Own Correspondent)

By Airmail Francfort-on-Main, Dec. 29, 1953.

A question often asked outside the German frontiers runs: "Will the German economic miracle continue to exist?" It is not too easy to answer it; the economic development of the last year, however, offers some hints.

During the first ten months of 1953, the Federal Republic, including West Berlin, had an export surplus of approximately 1,800 m.D Mark, which means that this year's foreign trade will close with a balance of 2,000 m. DM in favour of the German economy. This is three times the surplus of the previous year. In addition, there is a favourable balance from so-called services amounting to approximately 500 m. DM. It is obvious that this implies important problems for the Federal Republic. The German currency is already being referred to as "hard" currency, and countries which have trade relations with Germany are already worrying as to how they may close the "DM-gap". On

the other side, voices are being raised in the German export industries circles asking how far the world markets will be able to buy German goods. The question is whether it will be possible of achieving a balance by increasing imports in the Federal Republic, whether the German markets are capable of receiving more imported goods, and whether a further increase of imports will not involve a reduction of domestic production.

The directive issued just before Christmas concerning the 100 per cent liberalization of the automobile trade shows the sincere endeavour to do the very utmost by way of liberalization. One is quite aware that a comparison with pre-war times cannot be made, an entirely new situation having arisen due to the splitting up of Germany in a bigger Western and a smaller Eastern zone. In addition, it must be recognized that each of these zones is part of another bigger economic system. In the Western zone approximately 50 million people are herded together. The splitting off of the main agrarian areas in the East and the sharp increase of demand of the West German population during the last five years, together with the general reconstruction interests, have made for a continuous increase of imports.

Besides, the fear of foreign countries that they might be eliminated from the world markets due to German exports needs to be removed. No doubt, the German economy during the last years—due to various favourable conditions—has been able to gain considerable ground in foreign markets, but the progress achieved has not yet reached the levels of other industrial States. As compared with 1936, exports from the Federal Republic during the last year were about one-third higher than those of the pre-war times. England, however, had—within the same period—increased her exports by more than 60 per cent, France almost doubled them and U.S.A.—as compared with 1938—had multiplied them by nearly three.

The development is also characterized by pressure on the prices of export goods, this being a consequence of sharper competition in the world markets as well as of the bigger supply of goods which were wanted for armaments and other essential supplies for the Korean theatre of war. Consequently, official and private economic circles are tackling the problem of correcting the terms of trade. During the third quarter of 1953 the import side, however, a fall in prices occurred which as against 5.6 per cent during the first six months. On the import side, however, a fall in prices occured which in the period from January to June 1953 amounted to 16.1 per cent, and in the third quarter to 10 per cent. At the moment when the price pressure in the markets of raw materials and semi-manufactured goods will be effective also in the markets of manufactured goods, the balance of trade and the balance of payments may possibly undergo considerable changes.

The Indian request for more capital investments in the interest of building up the domestic economy has evoked remarkable interest in business circles of the Federal Republic. The West German capital market has, however, not yet reached a liquidity which would allow of big long-term overseas investments without affecting the economy and life of fifty million people. It must not be forgotten that the Federal Republic in the interest of restoring full political and economic confidence of foreign countries, has acknowledged the debts of the Hitler Regime and of former Governments. Nearly 30,000 m.DM are involved in the obligations thus acknowledged. The difficulties thus posed for the balance of payments problem are considered to be great. In fact, the interest payments and amortizations have actually begun on a small scale. In case the agreement on the European Defence Community is signed or the Federal Republic joins the Atlantic Pact or some other settlement for the German defence contribution is agreed upon, additional large outlay will be required at home, and also, of course, a large share of the industrial capacity and of the labour available. It need not be assumed that this demand will be so big as to make it impossible for the Federal Republic to give technical assistance to other countries by placing at their disposal experts and skilled personnel and, to a certain degree, by the supply of goods and the grant of credits.

THE TRIANGULAR CONFLICT

By

CROESUS

The more public inquiries into the protection of industries that one attends, the more one becomes convinced of the inescapability of a sort of triangular conflict of interests, I mean the indigenous producers, the importing interests and traders, and the representatives of foreign manufacturers catering to this market. An interesting feature which I noticed at the Public Inquiry into the Protection of the Dyestuffs Industry, which began towards the close of last year—December 29, 1953—was the practically passive participation of the foreign manufacturing interests. They seemed merely content to watch the proceedings, but the arguments for and against any protection, or the degree of protection, were mainly advanced by the indigenous manufacturing interests and the import and trade interests. Although the position of any impartial tribunal in such circumstances is none too enviable, it is perhaps worth emphasising that the overall attitude of both the Commission and the Government of India—as reflected in the utterances of the Industrial Advisor to the Commerce and Industry Ministry who was present on the occasion—is one of positive encouragement to an industry which is of importance to the national economy and to the technical progress of other established industries in the country. The dyestuffs industry clearly falls under this category, as witness these words of Mr. M. D. Bhat, Chairman of the Tariff Commission: "Since the products of the organic chemical industry not only contribute to the strength of the national economy, but are also required for the promotion of national security, and since technical progress in the dyestuffs industry is linked up with the technical progress in the organic chemical industry as a whole, the establishment of the dyestuffs industry in India which would indirectly help the development of many other industries is of more than ordinary significance."

Probably it seems to have been taken for granted, whether it is protection of an industry or anything else, that you should pitch your claims a little higher than what you actually want in order to be assured of getting the latter. It is all very well to ask for protection to the extent that it is called for by reason of the preparations made and the plant installed. But to expect protection even in respect of plans in the offing, which have yet to be scrutinised and sanctioned by the authorities, is to ask for too much. Indeed, Mr. B. N. Adarkar, Member of the Commission, had to pull up a representative of the manufacturing interests for doing so.

On the other hand, it is difficult to understand the rather obstructive attitude of some of the importing and trade interests even towards the legitimate demands of the indigenous manufacturers. As and when Indian interests start and develop, it necessarily follows that

imports of goods manufactured by the new industry have to be restricted, even though, in the process, those wholly dependent upon the import trade in these articles may be adversely affected. For the sake of a relatively few who make a living in this way, the larger interests of the country, which lie in the full-scale development of these industries, cannot be put off or sacrificed. At the same time, when some constructive suggestions come from this quarter, they should not be scouted.

As Mr. Bhat rightly observed, one great difficulty in respect of the dyestuffs industry is the problem of reconciling the short-term and the long-term considerations in its development. Whether the industry should be built up from base upwards, that is, beginning as near the stage of basic materials as possible, or from the stage of penultimate intermediates, is a matter of opinion. It may be that assistance in respect of penultimate intermediates, which form the basis of the dyestuffs industry, as it is today, may delay or postpone the manufacture of the intermediates themselves in the country. But, as against this point of view, the manufacturers contend that the process of building from the base upward will not only be a long-drawn affair but that it will also require a very huge investment. According to them, a more practicable approach would be to hasten slowly and proceed step by step, that is, from penultimate intermediates to primary intermediates and then on to the basic materials. There is a school of opinion which strongly holds that, although it may take time, this is a better way of establishing the dyestuffs industry in the country and they even go so far as to say that the industry, as has been established so far, is no more than just a chemicals-mixing industry or a mere assembling plant. While this school is right to some extent, its argument loses all the force when, from this premise, it proceeds to demand continuation of the present scale of imports—not token imports—of even the final products from the intermediates that are being manufactured in the country.

In considering the question of protecting the dyestuffs industry, it is necessary to stress the fact that even the gradual building up from the stage of penultimate intermediates constitutes a very big enterprise which means that those who have taken to it have done so deliberately being fully conscious of their responsibilities. Even so, they have to realise that an important key industry like this must be based on secure foundations and also make sure, as the Chairman of the Tariff Commission remarked, that "in due course, it finds its roots in the country and derives its sustenance and strength from the organic and inorganic chemical industry developed within the country".

Now for a brief outline of the position of the dyestuffs industry. Judged by the size of the market for dyestuffs in India, as Mr. Bhat said in opening the inquiry, there would appear to exist sufficient scope for the dyestuffs industry to grow. For a long time India's requirements for dyestuffs have been met entirely by imports and it is only in recent years that a small proportion of the requirements has begun to be met by indigenous production of a few types of dyestuffs.

The following figures of imports obtained from the seaborne trade figures tell a tale of their own:

Year	Quantity (Million lbs.)	Value (Rs. in crores
1947-48	19.5	15.4
1948-49	13.7	12.3
1949-50	7.5	7.9
1950-51	14.0	11.9
1951-52	15.3	14.3
1952-53	7.2	7.5
Average for six years	12.9	11.55

The first enterprise in this line, namely the Associated Research Laboratories, Bhatgar, started production of rapid fast dyes on a very small scale in 1940. It has since expanded and undertaken the manufacture of almost the whole range of these rapid fast dyes, Rapidogen dyes, developing salts, and solubilized vat dyes of green and blue colours. The Atul Products, Ltd. came into the field seven years later, that is in 1947, with the object of undertaking the production of a series of Azo dyes, including Congo Red, Sulphur Black and Alizarine, in collaboration with the Calco division of the American Cyanamid and Chemical Corporation. This company started production only in 1952. In addition to these two, there are a number of small factories producing one or more of the rapid fast dyes. Thus, the industry as established today covers only a small portion of the entire field of dyestuffs production and the total output of the industry is confined to a limited number of dyes produced from imported intermediate products.

According to information received by the Tariff Commission from the different manufacturers, the total annual installed capacity and the actual production in January-June, 1953, for different types are as follows:

	Installed Capacity Lbs.	Production Jan.-June, 1953 Lbs.
Azo Dyes	2,117,672	267,359
Sulphur Black	1,000,000	204,475
Rapid Fast Dyes	400,000	28,689
Rapidogen Dyes	152,000	21,065
Fast Colour Salts	996,800	98,511
Solubilised Vats	150,000	38,594
Others	79,000	4,300
TOTAL	4,895,472	662,993

In other words, the total installed capacity itself is only slightly more than a third of the average imports of dyestuffs for the past six years, while the actual outturn for the first half-year of 1953 was only slightly more than one-eighth of the installed capacity! This shows the considerable leeway yet to be covered by the indigenous industry and, by the same token, the still large field for those engaged in imports of dyestuffs. But then importers would have to restrict their imports to those dyestuffs that are not at all manufactured by Indian producers and to those that the latter cannot yet supply to the fullest requirements of the country. This is not difficult. For a prominent importer of dyestuffs suggested that it would greatly facilitate matters if Indian producers invited all importers and clearly told them of their plans of manufacture well in advance, so that the importers could arrange their imports programme accordingly. This, however, presupposes not only perfect understanding between the two interests, but also an implied undertaking by those engaged in the import line to take to dealing in their own country's products. Here, it is of the utmost importance that the Indian manufacturers should realise that they also owe a duty to these importers whose living is hit by the products they manufacture and, as far as possible, enlist their services only, instead of trying to give distribution rights to rank outsiders and newcomers whom they may wish to patronise for some reason or other.

A SESSION WITHOUT OFFICE-BEARERS

By

CROESUS

On the last day of last year, the Indian National Trade Union Congress held its last annual session at Jalgaon, which has since come to be termed as Shahstrinagar, in memory of the late Mr. Hariharnath Shastri, the General Secretary of the I.N.T.U.C., who died in the recent Nagpur air crash. Indicative of his genuine interest in this field of work, the late Mr. Shastri had prepared a voluminous report of 250 pages covering a wide range of labour matters, both national and international. But, unfortunately, he was snatched away and the proceedings of the annual session of the I.N.T.U.C. were marred to some extent because of this tragedy. Unfortunately, even the President of the I.N.T.U.C., Mr. Michael John, could not be present because of illness, and the session had thus to proceed without either the President or the General Secretary.

However, Mr. John's absence was not felt so much because he had sent his address, which was read out for him. In this address, the I.N.T.U.C. President made some very interesting observations which must go on record. It is particularly noteworthy that Mr. John condemned the growing wave of violence in some ranks of labour lately in no uncertain terms. He said: "The cult of violence as it is expressing itself in the methods of intimidation and the acid bulbs cannot be allowed to take root. What has been going on in Calcutta and some other places in the name of Trade Unionism is both a matter of shame and a challenge to the genuine Trade Unionists". Prime Minister Nehru, who inaugurated the annual session, also thought it fit to refer to this, and asked trade union leaders to settle labour disputes by peaceful means without resorting to any sort of violence, which might unnerve the employers.

Another important observation of the I.N.T.U.C. President that should be very gratifying to all is that the trade union movement should be kept aloof from party politics if it is to grow. In this connection, he referred to the headway made in achieving trade union unity amongst railwaymen, seamen, and ordinance workers, and looked forward with hope to the coming closer of the Hind Mazdoor Sabha and the I.N.T.U.C., so that a strong and united democratic trade union movement could be built up. At the same time, he told the Conference how the I.N.T.U.C. had been resisting the attempts of the Communists and other political parties to utilise the working class as a pawn in their political game. "If the Congress tries to do so, we shall resist any such attempts by Congressmen also," he added.

There were one or two controversial points that Mr. John raised on the occasion. For instance, he blamed the Government for the inordinate delay in bringing about legislation to abolish the Labour Appellate Tribunal. Whatever may be the labour point of view, one cannot expect the Government to ignore the points of view of other interests, including the employers, on this vital question. It may be recalled that, presiding over the 21st annual general meeting of the Employers' Federation of India earlier in the same month, Sir Homi Mody, President, vehemently deprecated this move to get rid of the Appellate Tribunal. He rightly emphasised the necessity to maintain a judicial machinery which would act as a corrective to individual judgments and ensure some sort of uniformity in the application of the principles that should govern the determination of claims in respect of wages, bonuses and the like. The country has had experience of industrial courts without an Appellate Tribunal such as the one that the country has today. So long at least as settlement of disputes continues to be through the medium of adjudication by law, it seems that an Appellate Tribunal cannot be done away with. It might be a different story if these disputes were settled by direct negotiations or voluntary arbitration as some labour ministers and labour leaders have been visualising for some time past.

Finally, attention must be called, I feel, to one of the resolutions by the Conference which requests the I.N.T.U.C. Working Committee to work out a scheme of norms with regard to the payment of minimum wages and other fields of industrial relations in which lack of uniformity is creating difficulties. This is a very wise move on the part of labour, and if this should lead to wages having some kind of a definite relation to production, the one issue which gives rise to the largest number of labour disputes would have been eliminated.



BUSINESS NOTES

THE STERLING AREA'S SURPLUS

The sterling area's gold and dollar reserves were $2,518 millions at the end of 1952. They have risen in recent months as follows:

	E.P.U. Settlement	Residual gold and dollar balance	Change in reserves
January, 1953 ..	+58	+ 30	+132
February, 1953 ..	+18	+ 74	+125
March, 1953 ..	+19	+ 15	+ 63
April, 1953 ..	+11	+ 76	+107
May, 1953 ..	+21	+ 14	+ 48
June, 1953 ..	+10	+ 8	+ 46
July, 1953 ..	+ 2	+ 51	+ 89
August, 1953 ..	— 6	Nil	+ 13
September, 1953	—15	+ 4	+ 17
October, 1953 ..	+ 6	+ 15	+ 34
November, 1953 ..	—15	+ 32	+ 41
December, 1953 ..	+ 4	+114	— 43*

* After taking into account the payment of $181 millions on account of the American, Canadian and E.R.P. loans.

The year-end reserves cannot still be regarded as satisfactory, because of three reasons.

(i) the recent liberalisation of imports from Europe will not be fully reflected in these reserves,

(ii) the present level of $2,518 millions compares with $3,867 millions at the end of the second quarter of 1951.

(iii) the present accretions are partly due to the sale of Russian gold, which may well prove to be temporary.

The surplus with the E.P.U. and the moderate deficits in the months in which there were no surpluses as well as the dollar balance have been encouraging throughout 1953, but the reserves must obviously be brought up to a much higher level, in view of the uncertain prospects for American business and American aid in the coming year.

AIR AGREEMENT WITH THE U.S.

The year-and-a-half old stalemate in the negotiations between India and the United States for a revision of the Air Transport Agreement entered into by them in February, 1946, remains unresolved. A crucial stage seems to have been reached now for, if due credence is to be given to Press reports, the Government of India has decided to give one year's notice of its intention to terminate the agreement.

It will be recalled that the Indo-U.S. Air Transport Agreement was the first inter-government agreement concluded by India and at that time this country had no direct interest of its own in international commercial aviation. India's operations were confined to her national frontiers and in this sphere her rights were fully safeguarded by the guarantee of the principle of cabotage—reservation of domestic air routes exclusively for national airlines. The Indo-U.S. Air Agreement, however, envisaged the future possibility of India entering international air transport and with this possibility in mind a clause was inserted in the agreement ensuring equality of opportunity to future Indian international operators. When India actually entered the international sphere of aviation, experience demonstrated that a theoretical equality of opportunity did not offer safeguards to her interests in view of the disparity between her and operators of other nationalities armed with the benefits of longer standing. In the air transport agreements which are currently in force between India and the U.K. and the Netherlands, a scheme of possible distribution of operating capacity has been ensured by the insertion of a clause offering equal rights. India's claim in the negotiations with the U.S. was that the agreement with that country should be brought on a par with the agreements in force with the U.K. and the Netherlands by a provision for allocation of capacity. The choice of termination of the agreement which this country has to adopt does not by any means constitute the last word and twelve months is an adequate time in which the notice after it is given can be rescinded. But this course is possible only if India's modest demand for some effective share in the traffic is conceded.

IMPORT POLICY FOR JANUARY-JUNE 1954

The scheme of token imports evolved mainly to set a standard for indigenous production has been continued. Provision for increased imports of essential consumer goods and also of the goods the import duty on which was stepped up at the commencement of the financial year has been maintained. In addition, steps have been taken to facilitate larger imports of industrial equipment and raw materials and also of a few items required by the consumers. The import quotas of only 22 items have been enhanced. These include betel nuts, safety razor blades, flashlight cases, essential oils, moulding powders and unset pearls. Provision has also been made for the grant of additional licences to established importers for increased imports of machinery, cation active finishing agents and scientific and optical instruments. The list of items open to new-comers and actual users has been enlarged.

Import quotas of 34 items have been stepped down. These include such diverse items as table fans and card cans and jams and jellies, lead pencils and hand knitting wools, cod liver oil and duplicators and also a large variety of engineering stores as for example, iron and steel screws, other than machine screws, brass, lead and copper wrought and copper wire.

A number of stores, as for example, electric motor starters, some drugs, medicines and chemicals, and a few kinds of surveying and mathematical instruments have been detached from the main serial number and importers will be required to establish separate quotas for these items. Other devices, as for example, limiting the extent to which licences can be used for import of specified stores or fixing the minimum value below which imports of certain items will not be allowed, have been adopted to secure a reduction in the import of 24 items.

Importers will now be able to obtain their licences even for multiple items on production of quota certificates if they are unable to present the licence for the previous licensing period. Those who have been unable to establish their basic imports in the past will have a fresh opportunity to do so. The established importers for some of items, as for example, machinery, cation active finishing agents, scientific and optical instruments, will be able to apply for additional licences. The system of grouping has been extended and importers will find it possible to import a number of allied items against their import licences. The import licences for most kinds of fabrics, some kinds of papers, most kinds of arms and ammunition, and almost all kinds of moulding powders have been made interchangeable.

The issue of Capital Goods licences for jute and hemp machinery has been decentralised. Rules relating to the grant of minimum value licences have been liberalised and small importers will be given licences for reasonable values to enable them to effect imports in convenient units.

Provision has been made for the first time to grant facilities to persons engaged in some lines, as for example, tailoring establishments, hair dressing saloons, dentists and opticians, to import directly their specialised requirements.

MILLETS DECONTROLLED

The final and complete decontrol of jowar, bajra, maize, barley and other millets from New Year's Day was a logical corollary to the earlier decision taken on decontrol on a restricted scale. It will be recalled in this context that only about a couple of months back, on 5th November, 1953, control on millets was lifted as within individual States, but the ban on inter-State movement continued. This ban now goes, and import and export of millets as between the various States is permitted unhampered except in Saurashtra, Madhya Bharat and eleven districts of Uttar Pradesh. These scarcity areas need the continuance of control and its desirability is underlined by the wide price fluctuations which took place recently in Saurashtra.

Production of millets has reached reassuring higher levels in the current year, the estimated increase in bajra being the highest at 14.5 per cent above 1952-53. Other millets have recorded satisfactory increases below this level. Last year's imports of millets too showed a healthy trend towards decrease and amounted to 1.3 lakh tons for 1953. In the current calendar year imports can be reduced to a much smaller quantity to strengthen the reserves, if necessary. The essential point about home production is the marked upward trend from 15.7 million tons in 1951-52 to 17.4 million tons in 1952-53, while the position for the current year will show a higher improvement. The increase in the availability of millets and the free trade channels through which it can be procured in the consuming areas will facilitate large numbers to revert to the consumption of cheap millets to which they have been normally accustomed and to that extent the pressure on rice will be eased. Apprehensions expressed in East Punjab and surplus areas of U.P. about the adverse effects of export on internal prices are probably not well warranted. The immediate repercussion of full decontrol is to push up prices by a moderate margin. In judging the nature of this trend the pent-up demand in deficit areas must not be overlooked. But over a sufficient period, prices will be stabilised at reasonable levels which will be in the interest of surplus as well as deficit States.

PROTECTION FOR SERICULTURE

Government's partial rejection of the recommendations of the Tariff Commission on the issue of protection to the sericulture industry has provoked unfavourable reaction. The industry as well as the trade question the correctness of the decision not to make any change in the present rate of import duty on a variety of raw and semi-raw materials. The Commission had made a specific and pressing recommendation suggesting a drastic reduction in the duty levied on raw silk and cocoons, silk yarn including thrown silk warps, silk yarns spun from silk waste and silk fabrics as a direct remedy to help bring down the production cost of indigenous silk manufactures. The effect of continuing the import duty at the present rate in pursuance of the Government decision will be to perpetuate the existing low purchase of overseas materials, which indigenous supply is not expected to supplement in a full measure. The official reason for refusal to reduce the duty rests on the belief that the wide margin of difference between the landed cost of raw silk and its market price prevents any possibility of carrying the benefit of the lower duty to the consumer as well as the weaver. Consumer preference for fabrics made out of imported raw silk, it is asserted, would be sufficient to sustain the higher market price. In receding markets and inadequate purchasing power, it is reasonable to expect that the internal market prices of the raw materials cannot but tend to find adjustment to lower levels. This issue will need reconsideration at the next periodical review.

The continuance of protection to the industry for five years ending 31st December, 1958, was only expected in view of the urgency of lending support to this cottage-cum-small-scale industry. Its failure to make any advance either in quality or quantity during the last about two decades of protection further emphasizes the necessity to tackle the problem on an organized basis. The Tariff Commission's recommendations about research, cultivation, methods of production, marketing, and so forth, confirm this approach. That will now be the major responsibility of the Silk Board.

STANDARD BATTERIES

Standard Batteries have registered another year of progress in their march. The system of distribution to different market centres and guarantee of product has been carried a stage further. In respect of guarantee, in particular, fuller benefit is being taken of the laboratory for testing facilities and claims against failures have now been reduced to a negligible proportion. It is the claim of Standard Batteries that they are seeking developments in different directions with the purpose of establishing indigenous production capacity to meet varied uses, with the requirements of any emergency in view if it should arise. Manufacture of aircraft batteries is being expanded and the firm has obtained exclusive authorisation to produce special types of batteries for the new trainer aircraft designed by Hindustan Aircraft. The demands of the defence services for a variety of specific kinds of batteries are also being met on an expanding scale and this patronage has been of direct assistance in diversifying the types of production. The indents of railways for cells have kept an upward trend, but more orders are deemed essential if production costs are to be reduced by fuller use of capacity. In the sphere of industrial use, sales are increasing and the limitation of manufacture of motor cars to a few chosen types pursuant to the Tariff Commission's recommendation has been welcomed as a desirable step in the direction of standardisation of ancillary equipment including batteries.

But financial results have shown a receding tendency and in spite of an increase of 15 per cent in the sale of units of batteries the net profit has shrunk. Mr. R. D. Char has stressed in his presidential address at the company's last annual meeting the need to cry a halt to the burden of labour costs which has clearly taken a rigid form. He has referred to the dominant need to pay greater attention to efficiency and labour productivity and has pleaded for a change in labour legislation to revive the confidence of managements to undertake schemes of expansion unhampered by restrictions such as those on rationalisation.

STATE FINANCE CORPORATION FOR BOMBAY

The Bombay Government is lining up with some other State Governments rather late in starting its State Finance Corporation, when the need for accommodation there is more pressing than in most other States because of the advances made by industry. The chief beneficiaries of the corporation's credit facilities will be the medium and small industries whose demands for funds to acquire plant, machinery and other categories of fixed assets will now be met on a larger scale and more favourable terms than before. The period of repayment may be allowed up to a maximum limit of twenty years.

Acceptance of applications for shares earmarked for non-official parties commenced this Monday and there need be no doubt that full subscription will be registered earlier than the final day of acceptance fixed on January 11th. The terms of the share issue are attractive enough in the context of the investment market. Out of an authorized capital of Rs. 2 crores divided into two lakh shares of the value of Rs. 100 each, the issued capital will be Rs. 1 crore consisting of one lakh shares. The allocation of the issued capital has been determined in the following proportions: 31,000 shares to be purchased by the Bombay Government and 20,000 shares by the Reserve Bank of India, giving them a majority holding. The remaining shares of 49,000 are to be divided between the institutional investors and other parties in the ratio of 44,000 and 5,000. The shares have been classified as trustee securities and approved securities under existing laws and they are given the cover of the State Government's guarantee as to return of the principal and payment of dividend. The rate of dividend has been fixed, tax-free, at a minimum of 3½ per cent per annum and the ceiling is 5 per cent per annum. Dividend is to accrue from January 1, 1954.

PETROLEUM EXPLORATION IN WEST BENGAL

An agreement between the Government of India and Standard-Vacuum Oil Company for the joint exploration for petroleum and production of petroleum if it is discovered in commercial quantities in West Bengal was signed in New Delhi recently. The agreement is the result of negotiations between Government and Standard-Vacuum which have been current for the last 18 months.

Government and Standard-Vacuum have agreed to contribute jointly the funds required for the operations. The Government will provide one-quarter of the expenditure and Standard-Vacuum will contribute the balance. The aggregate contribution of the Government will not, however, exceed Rs. 2½ crores unless the Government wishes to provide further contributions towards the continued expenditure for the project.

Standard-Vaccum has given the assurance that if commercial production of oil in sufficient quantities is established, it will consider the erection and operation of a refinery of a capacity of at least ten thousand barrels per day.

Standard-Vacuum will manage the joint operations. The Government and Standard-Vacuum will each nominate an official who will discuss from time to time the programme of the joint operation.

Standard-Vacuum has supplied petroleum products in India for the past sixty years and expects its business to grow with the further development of trade and industry in India. Two years ago, by agreement with the Government of India, an agreement was made for the construction and operation of a large refinery near Bombay. Today construction is well advanced. Several years ago, Standard-Vacuum indicated its interest in the possibility of prospecting for petroleum in this country. By subsequent arrangement, preliminary work including an aerial magnetometer survey, has been carried out. The Agreement signed now provides a basis for continuing and expanding the exploration work by means of a joint operation with the Government of India.

COASTAL SHIPPING

More than usual interest seems to have been aroused in the last few weeks in taking active steps to acquire additional shipping tonnage for the coastal trade. The Transport Minister's appeal made in Bombay about two months back to shipowners to give a concrete shape to their plans for expansion of their fleets is reported to have been received with encouraging response and it now remains for the Government to take a quick decision on liberalizing its terms of purchase loans. Improvised arrangements of chartering ships to pay the coastal trade are estimated to cost one crore rupees per year by way of hire charges and in view of the reservation of coastal shipping for Indian companies it has become all the more incumbent to eliminate the share of charter ships in this trade. The wide gap between coastal ships which have not run out their normal life and the Five-Year Plan target of 315,000 gross tons by March 1956 indicates that procurement will have to lay emphasis on the purchase of second-hand ships to anything up to three-fourths of the additional tonnage. This was also anticipated in the Plan.

Apart from additional tonnage, coastal shipping has pressing problems which need early relief. On the West Coast, in particular, dry dock facilities are quite inadequate and as progress continues to be made in increasing the fleets of the coastal companies this difficulty will be felt with greater hardship. The only facilities available on this coast are the two dry docks at Bombay and pressure on their capacity is too heavy. Long detention and delays involved in procuring repair or renovation facilities in these two docks inevitably cut into earnings and the contracting margin of profit. Mr. Pratapsinh Shoorji Vallabhdas, Chairman of the Malabar Steamship Company, pleads for reservation of one of the two dry docks at Bombay for coastal ships. Such exclusive reservation may not be feasible at an international port like Bombay and alternatively a system of priority for this trade will have to be devised. Its case becomes stronger in view of the difficulties about meeting the trade's demand for a third dry dock in the immediate future.

INQUIRY INTO DYESTUFFS

The Tariff Commission's inquiry into the manufacture of dyestuffs for its case for protection and assistance is currently under way. Although it may be assumed reasonably that assistance will be recommended directly on a generous scale, the investigation will have to be as thorough as possible in view of the basic importance of this industry. The need to lay its foundations securely in view of its fundamental importance to the chemical industries will also direct attention to chalk out a policy of protection that will be most conducive to its growth in the long term. An element of complexity is introduced in the inquiry owing to the multiplicity of the products of this industry which at once affect a number of manufactures.

For years this country's requirements of dyestuffs were satisfied exclusively by imports and the small beginning which has been made recently covers only a fraction of the various types of dyestuffs. The problems posed in expanding its coverage and growth in terms of output present genuine difficulties which will need careful tackling. The Chairman of the Tariff Commission has referred to the initial issue about the alternatives of building up the industry from the base with the production of the basic raw materials and starting with the use of final or penultimate intermediaries in the development of dyestuff manufacture. The arduous course involved in the first choice—from slow and costly growth of production of raw materials —and the element of initial risk that it carries have turned attention to the advisability of adopting the second choice in the first instance. The emphasis is on working from intermediaries downwards to the basic raw materials as a practical method of approach. Assistance to the industry is, therefore, indicated primarily in direct relief in import duty on intermediaries and on raw materials to the extent they are consumed by it. As for the protective duty on the types indigenously produced, the highly developed competitive strength of long established manufacturers abroad will be a weighty consideration.

COMPANY AFFAIRS

KESORAM COTTON MILLS LTD.

The working results of Kesoram Cotton Mills Ltd. (Managing Agents: Messrs Birla Brothers, Limited) for the year ended 31st March, 1953, disclose a drop in net profit, before providing for depreciation and taxation, from Rs. 101.04 lakhs in 1951 and Rs. 95.13 lakhs in 1952 to Rs. 48.35 lakhs in 1953. The position with regard to stocks at Rs. 135.76 lakhs is slightly better than the preceding year when they were as high as Rs. 170.67 lakhs. There is a sizable improvement in sales from Rs. 499.61 lakhs in 1951 and Rs. 575.06 lakhs in 1952 to Rs. 604.28 lakhs in the year under report.

Fall in profits has necessitated reduced allocations for depreciation and taxation. Rs. 25 lakhs have been transferred to the taxation fund as against Rs. 34 lakhs in 1952 and Rs. 37.17 lakhs in 1951. Provision for depreciation has declined from Rs. 8.92 lakhs in 1951 and Rs. 10.74 lakhs in 1952 to Rs. 7.62 lakhs in the year under review. Dividends on both preference and ordinary shares have remained unaltered at 7 per cent and 11-2|3 per cent per annum respectively.

Balance sheet as on 31-3-1953:

Capital and Liabilities:

	Rs.
Capital	1,40,00,000
Reserve Fund	75,00,000
Capital Reserve	1,45,87,000
Dividend Equalisation Fund	15,00,000
Sundry Liabilities	1,19,93,297
Profit and Loss Account	1,02,434
TOTAL	4,96,82,731

Property and Assets:

Gross Block	3,25,40,151
Depreciation	98,53,151
Net Block	2,26,87,000
Liquid Assets	2,69,95,731
TOTAL	4,96,82,731

FORT WILLIAM JUTE CO., LTD.

The working results of the Fort William Jute Co., Ltd., for the half-year ended 30th September, 1953, make an impressive reading. Unlike many other jute companies whose balance sheets have been received by us, sales have been maintained at the preceding half-year's level of Rs. 75.31 lakhs. Net profit, after providing Rs. 1,83,925 for depreciation, has advanced from Rs. 2.77 lakhs to Rs. 8.12 lakhs. The previous loss of Rs. 4.99 lakhs has been entirely wiped out. The directors have proposed transfer of Rs. 1,00,000 to the general reserve account which had been reduced to nil during the last two years. Favourable working results have also helped the directors to clear off the outstanding dividends on the cumulative preference shares for the preceding three accounting periods and the half year under review. Also, for the first time since March 1951, the directors have proposed a dividend of Rs. 5 per share on the 14,000 ordinary shares.

The balance sheet shows an increase of Rs. 49,025 in the gross block from Rs. 72,62,198 to Rs. 73,11,223 but depreciation having gone up by nearly two lakhs, net block stands reduced from Rs. 29.35 lakhs to Rs. 28.00 lakhs.

Balance sheet as on 30th September, 1953:

Capital and Liabilities:

	Rs.
Capital	24,00,000
Loans Secured	45,69,620
Reserve	1,00,000
Sundry Liabilities	7,90,915
Profit and Loss Account	2,915
TOTAL	78,63,447

Property and Assets:

Gross Block	73,11,223
Depreciation	45,11,118
Net Block	28,00,105
Liquid Assets	50,63,342
TOTAL	78,63,447

THE MOHINI MILLS LTD.

The Directors' report of the Mohini Mills Ltd. (Managing Agents: Chakravarti, Sons & Co.) for the year ended 31st December, 1952, discloses a steep rise in the figure for sales from Rs. 161.42 lakhs in 1950 and Rs. 200.20 lakhs in 1951 to Rs. 242.95 lakhs in the year under report. Stocks at Rs. 13.98 lakhs are lower by Rs. 5.48 lakhs as compared with the year 1951. Net profit, before providing for depreciation and taxation, has registered a sharp decline from Rs. 30.93 lakhs to Rs. 17.25 lakhs (including Rs. 1,00,000 transferred from the dividend equalisation fund). Fall in profits, state the directors, was due to Mill No. 2 because for a major part of the year Government-allotted foreign cotton had to be purchased at prices much higher than the current market rates. Manufactured cloth had to be sold at very unremunerative prices because of heavy slump in the market. Reduced profits have brought down the dividend from 7½ per cent to 5 per cent per annum. Allocations to both depreciation fund and taxation fund are dropped from Rs. 14 lakhs to Rs. 8 lakhs and Rs. 9.28 lakhs to Rs. 6.71 lakhs respectively.

It has not been possible for the directors to get the profits of Mill No. 1 of Kushtia transferred to the registered office. The directors applied to the State Bank of Pakistan for permission to transfer Rs. 15 lakhs out of profits of Mill No. 1. Despite the fact that they have complied with all the formalities and the requirements of the State Bank of Pakistan, the decision of the Bank is still awaited. The directors have been forced, in these circumstances, to declare that the dividend on the ordinary shares would be paid immediately after the profits are transferred from Pakistan to India.

Balance sheet as on 31st December, 1952:

Capital and Liabilities

	Rs.
Capital	59,88,257
General Reserve Account	5,00,000
Dividend Equalisation Fund	2,00,000
Machinery Renewal Fund	1,50,000
Reserve for Bad Debts	1,25,000
Sundry Liabilities	1,15,69,546
Profit and Loss Account	11,04,571
TOTAL	1,96,37,374

Property and Assets

Gross Block	84,54,400
Depreciation	67,06,257
Net Block	17,48,143
Liquid Assets	1,78,89,231
TOTAL	1,96,37,374

HEIGLERS GROUP OF COAL COMPANIES

The Directors' reports and the audited accounts of seven coal companies, managed by F. W. Heiglers & Co., Ltd., for the half-year ended 30th June, 1953, have been received for review. The names of the companies are Bhulanbararee, Borrea, Churulia, Ondal, Standard, Burrakur and Sendra. Borrea is the only company in this group which has been able to step up the ordinary dividend from 25 per cent to 30 per cent per annum. Churulia, Ondal and Standard have succeeded in maintaining the preceding half-year's level. Burrakur had to cut down dividend from 5 per cent to 2½ per cent while Sendra and Bhulanbararee failed, just like the preceding accounting period, to declare any ordinary dividend. The table below summarises the ordinary dividend record of all the seven companies during the last three half-years.

Ordinary dividend per cent per annum:

	30-6-1953	31-12-1952	30-6-1952
Bhulanbararee	Nil	Nil	5
Borrea	30(a)	25	30
Churulia	25|16	25|16	25|16
Ondal	20	20	20
Standard	20	20	20
Burrakur	2½	5	7½
Sendra	Nil	Nil	Nil

(a) Dividend 20 per cent + 10 per cent bonus.

Except for Burrakur and Sendra, all the other companies show sizable improvements in net profit (before providing for depreciation and taxation). Net profit of Borrea has advanced from Rs. 3.10 lakhs to Rs. 4.58 lakhs, of Ondal from Rs. 1.63 lakhs to Rs. 3.23 lakhs and of Standard from Rs. 2.13 lakhs to Rs. 2.64 lakhs. The table below outlines the movements in the size of net profit during the last three accounting periods:

Net Profit
(Before Providing for Depreciation and Taxation)

	30-6-1953 Rs.	31-12-1952 Rs.	30-6-1952 Rs.
Bhulanbararee	23,920	—24,706	70,545
Borrea	4,58,447	3,09,646a	3,97,522
Churulia	10,582	—10,257	9,391
Ondal	3,23,016	1,63,262	1,05,189
Standard	2,63,892	2,13,429	1,86,673
Burrakur	9,78,885	12,48,404	14,75,502b
Sendra	—69,988	—59,114	22,813

a—Refund of E.P.T. amounting to Rs. 63,743 included.

b—Refund of E.P.T. amounting to Rs. 1,55,568 included.

The directors do not subscribe to the view that there is a large unsatisfied demand. They are of the opinion that a majority of consumers have substantial stocks of coal and shortages, wherever they occur, are due to transport bottlenecks and restrictions. "In our view" they say, "there is a surplus production of coal above the country's needs, and this has led to the offering by some colliery owners of illegal rebates below the Government controlled selling prices."

CAPITAL

Annual Review of

Commerce, Trade & Industry, 1953

ndustrial & Agricultural Development in India
COLIN CLARK

Foreign Investment and Underdevelopment
GEOFFREY TYSON

Indianisation
W. H. J. CHRISTIE

Public Corporations
SUDHIR SEN

Economic Position of Average Indian
N. DAS, I.C.S.

And articles on jute, banking, tea, coal, insurance, stock markets, labour laws, trade unions, etc. etc.

116 pages. ***Rs. 5.***

"Capital", 5, Mission Row, CALCUTTA 1

COMMODITY NEWS AND NOTES

COARSE GRAINS AND GRAM DECONTROLLED

The Government of India have completely decontrolled coarse grains—jowar, bajra, maize, barley and other minor millets—with effect from January 1, 1954. When the decision to decontrol was first announced, it was emphasised that inter-State barriers would continue as before. These barriers against the movement of coarse grains will now be removed except in the case of Saurashtra, Madhya Bharat and 11 districts of U.P., namely, Gorakhpur, Gonda, Bahraida, Basti, Mirzapur, Jaunpur, Ghazipur, Ballia, Deoria, Azamgarh and Banaras. Export from these areas will not be permitted, but there will be no restriction on the import of coarse grains from outside. Coarse grains can now move freely through trade channels without the necessity of import or export permits. The decision to decontrol has been taken because of a marked improvement in the production of coarse grains in the country. In 1952-53, production amounted to 17.4 million tons as against 15.7 million tons in the previous year. This improvement has not only been maintained but enhanced during 1953-54, as the following figures of acreage under cultivation show:

Crops	1953-54 (1st estimate)	1952-53 (adjusted 1st estimate)	Average of preceding five years' corresponding estimates (1948-49 to 1952-53)
Jowar ..	26,192	24,606	22,588
Bajra ..	26,514	23,154	20,769
Maize ..	3,464	7,764	8,184
Ragi ..	4,771	4,598	4,667
TOTAL ..	65,941	60,122	56,208

The improvement in production has also been reflected in a rapid fall in prices of coarse grains in all parts of the country, especially in surplus areas. The majority of even those States which used to be deficit in coarse grains are now self-sufficient.

It has also been decided completely to decontrol gram with effect from January 1, 1954. There will now be no restriction on its movement from one place to another. Gram production in 1952-53 was 3.77 million tons as against the previous year's figure of 3.29 million tons. Reports on sowings in 1953-54 indicate that the next crop will be at least as good as the 1952-53 crop. There has also been a fall in gram prices, particularly in surplus States.

JUTE PRODUCTION IN U.P.

The quality of jute grown in U.P. is constantly improving. Keeping in view the Government's policy to encourage the raising of only quality fibre, the target of jute production has been fixed at five lakh maunds for the next two years, which should meet the entire requirements of the jute mills in the State. The evidence that better quality jute is being grown in U.P. is furnished by the fact that more jute mills are buying the commodity as it was in no way inferior to that grown in Assam or West Bengal. The Jute Development Department, which also makes marketing arrangements for cultivators, is encouraging the growth of co-operative credit sales societies in the jute growing belt. The disposal of raw jute will eventually be taken up by these societies in order to eliminate the middle man.

FREE EXPORT OF MUSTARD AND RAPESEED OILS

The Government of India has, it is learnt, decided that the export of mustard oil and rapeseed oil should be licensed freely up to the end of June, 1954. This means continuation of the present export policy in regard to these two oils for six months more.

PETROLEUM EXPLORATION IN WEST BENGAL

An agreement between the Government of India and the Standard-Vacuum Oil Company for the joint exploration for petroleum and production of petroleum if it is discovered in commercial quantities in West Bengal was signed in New Delhi recently. The agreement is the result of negotiations between Government and Standard-Vacuum which have been current for the last 18 months. Government and Standard-Vacuum have agreed to contribute jointly the funds required for the operations. The Government will provide one-quarter of the expenditure and Standard-Vacuum will contribute the balance. The aggregate contribution of the Government will not, however, exceed Rs. 2½ crores unless the Government wishes to provide further contributions towards the continued expenditure for the project. Standard-Vacuum has given the assurance that if commercial production of oil in sufficient quantities is established, it will consider the erection and operation of a refinery of a minimum capacity of ten thousand barrels per day.

U.S. NATURAL RUBBER CONSUMPTION GOES UP

As at the end of October, with the results of two more months still to be reported, consumption of natural rubber in the United States this year has already exceeded annual consumption totals for the entire years 1952 and 1951. The U.S. Department of Commerce reported recently that American consumption of natural rubber in October totalled 46,480 long tons. This brought consumption during the first 10 months of 1953 to 467,558 long tons—a gain of more than 100,000 tons over the 367,307 long tons consumed in the comparable period of 1952. Total consumption came to 453,846 long tons for the entire year 1952, and to 454,015 long tons for the entire year 1951.

JAPAN'S COTTON CLOTH EXPORTS IN 1953

Japan's 1953 cotton cloth exports are expected to reach 890 million square yards, an increase of 130 million square yards over last year, to top the list of the world's cotton cloth exporting nations, according to a survey of the Japan Cotton Spinners' Association. During the January-November period, she actually exported 804,872,000 square yards (Yen 56,350 million in value) of cotton cloths and 18,665,000 lbs. (Yen 5,071 million in value) of cotton yarns, which indicate a marked increase of 98,070,000 square yards in the volume of cloth, as compared with the corresponding period last year, but a drop of 4,555 million yens in value owing to the lowering of the export prices.

TOBACCO STOCKS ACCUMULATING

Mr. G. Latchanna, Andhra Agriculture and Forest Minister, told Pressmen recently that he had represented to the Union Food Minister, Mr. Rafi Ahmed Kidwai, the urgent need to explore foreign markets for tobacco. He added that over 40 million pounds of tobacco of last year remained unsold with the producers in Andhra State. The prices of tobacco, he said, had fallen from six annas a pound to about 1½ annas. He suggested to the Union Food Minister that the tobacco export trade should be done by the Governments of States producing it instead of by merchants as at present, to secure a minimum guaranteed price to the producer. China, Russia, and Japan, he said were the chief customers for Indian tobacco and in all the three countries the tobacco import trade was conducted by their Governments.

FOOD GRAIN IMPORTS IN 1953

The total quantity of food grains imported by India from abroad during the calendar year 1953 amounted to 2,017,850 tons. In 1952, 3.85 million tons were imported, and in 1951, 4.72 million tons.

COMPANY MEETING

THE CONSOLIDATED COFFEE ESTATES (1943) LTD.

Chairman's Speech at the Tenth Annual General Meeting of the Company, held on December 31, 1953.

Gentlemen,

On behalf of my fellow Directors I present to you the Balance Sheet and Profit and Loss Account for the same period.

As it is the tenth anniversary of the founding of our Company and as it is the last time that I shall have the pleasure of presenting these accounts to you personally, I am including additional particulars of our work and progress in my address which I trust you will find of interest.

I am glad to inform you that as a result of a very heavy coffee crop and a useful pepper crop, the year has again been a successful one.

The dividend which your Directors have been able to recommend is 15 per cent against 18 per cent last year. There are so many uncertainties related to the marketing of coffee in India today, and so many commitments have still to be met that it would have been imprudent to recommend a higher rate; also the 1953-54 coffee crop, though it is expected to be our second highest crop, will be some 300 tons lighter than the record crop covered by this report.

Ten lakhs have been transferred to General Reserve for the reasons which I have given above. One lakh has been transferred to the Debenture Redemption Fund and in July we were able to purchase Madras and Mysore State Loans against this Reserve, whilst the Balance carried forward to next year is much the same figure as the Balance brought in from last year.

In the Profit and Loss Account we have valued our coffee at Rs. 2-2 a point, against a valuation of Rs. 2-9 a point last year. Coffee prices ran up to undesirable levels in 1952, and a fall in prices was therefore necessary, but in my opinion the pendulum has now swung too far the other way, and I shall refer to this later. We have always left what we believed was a reasonable reserve in our valuations against eventualities and we have followed the same course again this year, otherwise our accounts would have been distorted.

Apart from the dividend, the main things which interest shareholders must be the crop, the condition of the estates, our expenditure both Revenue and Capital, our financial position and the market for our products. I propose to deal with each of these in turn.

The crop at 1938 tons was our highest by no less than 480 tons. This reflects the greatest credit to all on the estates. I must confess that I had always hoped to harvest a two-thousand-ton crop whilst I was still in charge of the Company, but someone else must now have this pleasure. The pepper crop was useful, the cardamom crop fair and the paddy and orange crops on the whole poor.

In the coming season we expect a more than useful coffee crop. We had at one time hoped for the same sort of crop as we have just harvested, but the prolonged drought scorched up much of our robusta (as well as spoiling our paddy and oranges) and the showers when they did come were late, and in many cases backing up rains were lacking. Taking all in all, therefore, we are not faring badly. Pepper should be about an average crop. Oranges will be a useful though late crop on some of our estates, cardamoms fair, but the paddy harvest this year will be a bountiful one, and nearly double that of last season.

The estates I am glad to report are in excellent condition; prospects for next year are correspondingly good, and it is possible that I may have missed the two-thousand-ton crop by only one year. The potential for an even larger crop than that is there if only our blossom showers and the following up showers, which can be equally important, do not let us down.

We are beginning to reap the reward for the patient work of replacing old coffee which was commenced by our predecessors, the Consolidated Coffee Estates, Ltd., a sterling company, and has been continued by ourselves.

When we purchased these estates in 1943, they included 246 acres of arabica and 700 acres of robusta, all seven years of age or younger, representing a replanting of old coffee, most of it during the depression. In the past ten years we ourselves have replanted or opened up 660 acres of arabica, 645 acres of robusta, and have purchased 125 acres of good young robusta, thus over one-third of our acreage is made up of young coffee. I believe that the clearings and replantings of today are definitely better than those of ten years ago. New techniques of planting, raising cover crops, raising shade, manuring, pest control and soil preservation have been adopted, and better seed material is now available. It is a heartening thought that much of this young area has still to come into profit.

The older coffee also has responded well to the more generous treatment we have been able to give it in recent years.

The references to plantation crops are brief in the Five-Year Plan; but there is a comment about the tea industry which is completely apposite to coffee today:

> "A remarkable fact about tea plantations is that while the area under tea has remained unchanged for over a decade under International Agreement, production has increased by about 43 per cent over this period. This incidentally brings out that where sufficient capital is invested, yields can be increased appreciably."

Unless the coffee industry is permitted to accumulate and reinvest sufficient capital to bring its estates into an economic condition, the yields of Indian coffee will remain the lowest in the world.

Our pepper has helped us splendidly. Here we are reaping a reward for a policy of planting pepper, and maintaining our vines, during a period when the pepper market was very depressed. The average crop for the first five years since 1943 was 45 tons, and for the second five years 79 tons. Our crop increased at a time when pepper prices also increased, and has been of such value during the last five years that it has more than paid our ordinary dividend during this period. The value of our pepper during these five years was Rs. 32,61,300 while the cost of our Ordinary Dividend for the same period was Rs. 29,89,200. I do not pretend that your Directors have related these two items together when considering their dividend policy. On the other hand they have realised that these very high pepper receipts are in the nature of a windfall, much of which should be ploughed back into the Company. They have given us courage to accelerate our labour and staff housing

and welfare schemes, and to commence introducing amenities such as piped supplies of water and electric light, which are taken for granted in cities, but which were completely lacking on our estates, and indeed are still lacking on most coffee estates.

Pepper prices are now well over the peak, but this is a commodity we can produce relatively cheaply and we shall endeavour to make up for the fall in prices through an increase in our crops. Newer methods of propagation and maintenance show promising results.

Oranges to which we had attached great hopes have disappointed us. The five years' drought from which the whole of South India suffered injured the trees wherever these were being grown without a cover crop of coffee, and even in the more favoured places many trees have "frenched" and must be uprooted. We have installed machinery to supply overhead irrigation to one block of oranges, and have hopes that this may provide an answer to the short life of the loose-skinned Coorg orange in rainfall districts like ours. Lemons, limes, grape-fruit and tight-skinned oranges are all much hardier, and we have planted a fairly large acreage of all these fruits in our young robusta coffee, so that various types of juices may be available for our Fruit Juice Factory.

The dry years which have upset our Coorg oranges have also checked any real development of our cardamoms.

Our paddy crop this year as mentioned earlier, and in spite of late rains, will prove an excellent one. Much work has been put into the improving of our fields, their water supplies, the methods of cultivation and the selection of types of paddy to grow particularly on our more difficult high fields, and all these must in due course be reflected in our crops.

When we come to our expenditure, I regret to say that our overall estate expenditure again shows a considerable rise. Part of this is due to the cultivation of a larger acreage, but most of it is due to a policy of doing more intensive work on our estates in the belief that this will enable us to harvest larger crops, for the only logical way of meeting our ever rising costs is through increasing our yields, and all our thoughts and endeavours go to this end, and appear to be accompanied by a measure of success. In calculating average crops it is desirable to work on a six years' average, so that the hazards of the weather may be cancelled out and allowance made for the two or three-year cycles in which coffee bears its high and low crops. When we purchased these estates the average arabica yield was 2.01 cwt. an acre and robusta 4.27 cwt. For the last six years, these averages are 4.08 and 5.46 respectively.

It is obvious that there is scope for great improvement in both these figures, particularly when our large area of young coffee comes into bearing.

The expenditure per acre on our coffee has risen from Rs. 220-6 in our first season to Rs. 667 in the season just concluded.

Our Capital Expenditure has gone largely to rehousing our uncovenanted staff and labour, and last year Rs. 3,34,835 were spent under this heading.

Increasing crops necessarily involve the spending of more money on enlarging our drying grounds and coffee stores and improving our pulphouses. The application of additional fertilisers after the monsoon has called attention to our shortage of manure stores. It is not possible to run lorries into many of our estates after the monsoon, and fertiliser must therefore be transported as an upload during the crop season and stored on the estate till required from August onwards.

In the last few years our estates have been largely mechanised as regards transport, spraying and the supply of water. Mechanisation should lead to economies, but its great advantage is the assistance it gives us in carrying out our work at the proper time, and correct timing is the key of most agricultural operations. What is not always realised is that once mechanisation is decided on, many other things automatically follow; the metalling of the main roads through our estates, otherwise our tractors cannot run, the provision of extra accommodation not only for the tractors and implements, but als for the driver and where there is much machinery for a mechanic. We have found tractors to be definitely preferable to lorries on our estates, and we are using them to an increasing extent for cultivating our paddy fields.

Ten years ago the value of the stores and spare parts on the estates as at 30th June was only Rs. 2,67,772. Today it has increased to Rs. 12,64,945, all of which has had to come from our Reserves. The largest item is grains, which shows an increase of over four lakhs, for in 1943 it was unnecessary to lay in a year's supply of food for our labour as we have to do today. In addition due both to the delays in the making of payments from the Pool, and to the cut in size of these payments we have to try and maintain higher fluid cash resources to enable us to meet our day-to-day expenditure.

A policy of restraint in declaring dividends has assisted us to carry out these and other improvements. The total profits we have earned since 1943 are Rs. 1,37,10,232 of which 37 per cent only has been distributed by way of dividends, 10.6 per cent paid or reserved for taxation, 16.58 per cent has been spent on the rehabilitation and rehousing of our staff and labour, and the remainder has been ploughed back into our business.

The marketing of coffee in the past year has, as in the previous four years, been governed by factors, many of which are irrelevant to the marketing of an agricultural commodity. In the earlier years the insistence directives from Government were to maximise exports even at the expense of the consumers, for coffee was judged to be a luxury and the country was said to be in dire need of foreign exchange. In spite of advice that this would seriously affect internal prices, this policy was persisted with, and matters came to a head in 1952 when coffee prices soared to unprecedented heights. Now, in a most curious way, growers are being blamed for the result of a policy that they have always opposed. Then for a period the rightful needs of the consumer were at last recognised. Now the pendulum has swung to the other extreme; a low return has been arbitrarily fixed for the producers, and as prices are now presumably low enough for the consumer, most of the considerable profits on exporting coffee are being piped off to the Central Exchequer by means of an export duty of Rs. 62-8 a cwt., neither the producer nor the consumer benefiting in any way from this arrangement.

Incorrect policies bring their own nemesis with devastating swiftness. With coffee, there have been three such instances within the last two years.

(a) The export policy of Government in 1952 as mentioned above resulted in a rise in internal prices which was unprecedented.

(b) The halving of the quantity of coffee exposed in Pool Auctions in December 1952 followed by the failure to hold Pool Auctions in January resulted in coffee prices rising again, whilst the Board was left with no finance to meet even the initial payments to growers when they delivered their coffee to the Pool.

(c) The lack of any internal or export sales policy in 1953 has resulted in the accumulation of vast and deteriorating stocks of coffee, mostly robusta, which could have been exported, but must now be consumed in India, and once again the Board are unable to meet their commitments to the growers.

Now a fourth instance has arisen regarding what constitutes a fair return to the grower for his produce. An arbitrary and incorrect decision has been taken and this is already causing distress to growers in all districts. This distress is increased today, as the Board's borrowing powers are quite inadequate to finance the holding of their huge stocks and at the same time enable them to meet even the normal first payments made to growers when they deliver their coffee to the Pool. Any grower without good credit is puzzled how to find the finance for the maintenance of his estate, to pay for his fertilisers which should be delivered by crop lorry within the next few months and to pay for his grain stocks. In Coorg these are normally purchased direct from the threshing yards. Such decisions must in the end be corrected, but in the meantime much unnecessary hardship is caused. This matter is most urgent, and it would afford relief all round if, as the Coffee Board has already requested, it could be settled by some independent Tribunal at as early a date as possible. As the Central Government will receive over a crore of rupees from the Industry this year the request is eminently reasonable.

The statement of Dr. Punjab Rao Deshmukh in October is pertinent:

> "I fear that our attempts at the marketing of agricultural produce have all an atmosphere of isolation from the rural community, as it often appears to be an attempt to impose things from above. No structure which is not based on the co-operation of the parties concerned can be durable or expected to stand by itself".

There are no marketing difficulties concerning coffee which cannot easily be resolved if the advice of those who grow and market coffee is sought in a spirit of co-operation, goodwill and understanding.

The decision to impose an export duty was passed by Parliament in November, and in the course of the debate in the two Houses the unwished for honour of being singled out for discussion fell on our Company, and the novel suggestion is reported as having been put forward by the Minister that "the Consolidated Coffee Estates will get only Rs. 250 (an acre) and nothing more and a small man may also get Rs. 250."

Some small men are most efficient growers, whilst some of the larger estates are poorly cultivated. It is not clear whether what the Minister proposes is assistance to the small grower or to the inefficient.

We welcome any proposals which will increase the welfare of the small planters, but if it is desired to devise production disincentives for our own Company, we trust we will be permitted to devise them ourselves.

The increase in our coffee area is due to two things, the ploughing back of a substantial part of our savings and our having obtained Rs. 23,33,000 of additional Capital from the public, most of which came from our own shareholders.

So far our policy has been to go in for more and still more intensive cultivation of our land. As a result of this the employment **per acre** over ten years has increased as follows:

Managers	17%
Staff	108%
Artisans	768%
Labour	100%

Our use of fertiliser per acre has increased by over 400 per cent.

Our use of chemicals per acre by over 250 per cent.

We could reduce our expenditure under any of these main headings, and our crops and profits would then fall till we reached the figure permitted by Government, but I hope that such a policy will never be forced on us.

I am reminded of a famous cartoon of the time of the Franco-Prussian war. The French had just introduced the newly invented mitrailleuse or machine-gun to their army, and a French soldier is shown looking up from his gun over a field strewn with corpses. Underneath is the caption:

"Hullo! The battle is over, I must have turned the handle too quickly."

This appears to be the difficulty which has arisen not only with our Company, but with other growers who by efficient methods have succeeded in obtaining even higher yields. We have gone ahead too quickly and achieved too great success in our battle for the economic production of coffee.

We had never viewed our policy from this light before. The urge throughout the Five-Year Plan is to increase production, to increase employment, to save capital and to reinvest it. All these things we have done. These views are summarised in a nutshell in the Peoples Edition of the Five-Year Plan:

> "An increase in the stock of capital—accompanied by knowledge of how to use it to best advantage—will lead to an increase in the community's output of goods and services and so to a rise in its material well-being. This may be put shortly in the phrase 'the key to economic progress is capital formation'".

I trust that a more balanced and dispassionate view of the whole coffee industry may yet prevail.

I may be excused if I quote again a remark of Sir Russell Kettle's, extracted from "Capital" which I quoted three years ago to you.

> "We are not concerned with the political aspects of company profits, but in view of the controversy which rages round this subject there should be a proper appreciation of facts. Profits are a material factor in creating and maintaining employment; they encourage new ventures and the expansion of trade; they enable fresh capital to be raised and national wealth to be augmented; they provide a material proportion of taxes to defray Government expenditure, including expenditure on social services, and they are the source of the income on the invested savings of numberless individuals of moderate means. The myth that companies are owned by a comparatively few wealthy and avaricious shareholders dies hard. Those who regard the earning of profits as a social evil or even as a crime might reflect upon the consequences which would follow their suppression or dissipation."

Surely there is much wisdom in this quotation.

I do not know whether or not coffee is India's most heavily taxed agricultural commodity but it must come close to it. Our own estates will have directly met or provided no less a sum than Rs. 14,41,371 to the Central and State Governments as a result of last year's working.

Such contribution from our 6,767 acres of coffee comes to Rs. 213 an acre made up as under:

		Per acre
1.	Land Tax	Rs. 2|-
2.	Agricultural Income Tax	„ 59|-
3.	Excise Duty (on 1,686 tons sold internally)	„ 105|-
4.	Export Duty (on 252 tons, our proportion of the 3,000 tons exported) ..	„ 47|-
	Contribution per acre	Rs. 213|-

This omits the Income Tax payable on our Dividends and the Income Tax payable by our Staff.

All this from land which would otherwise yield no revenue, and if untended, would hardly provide grazing, and of which at least another three lakh acres still lie neglected and fallow in our hills.

It is difficult to understand why there should be such controversy about one relatively small Company, when there is enough abandoned waste land in the Malnad to support another forty companies our size Surely instead of this sort of unprofitable unpleasantness, goodwill should be created to develop this vast neglected asset.

It is appreciated that when this development does take place, as some day it must, though conditions can never be more favourable than they are today, Governments will draw up their own plans of action Nevertheless, although there are many skilled planters whose estates yield better crops than ours, it simplifies the arithmetic if we calculate the direct benefit the country would receive if this area were cultivated by companies similar to our own and providing similar taxation. Then the Central and State Governments would reap a taxation reward of Rs. 5¾ crores annually, and coffee exports of 80,000 tons worth Rs. 55 crores and more would make coffee India's fourth most important export. Consumers could then be subsidised to a degree which has not been conceived today, and at the same time very adequate encouragement could be given to producers. This is an ultimate object, but even on a comparatively slower rate of development we should be able to export at least 24,000 tons of coffee worth Rs. 17 crores, within a period of 15 years if the encouragement to do so was given.

As far as we are concerned, I do not believe that it is fully appreciated that we are a Rupee Company, that 86 per cent of our share capital is owned by Indians, that although we employed no Indian covenanted staff in 1943, today we employ seven against eleven Europeans, and a further three Indians are employed in non-officer grade posts on salaries alone exceeding Rs. 300 a month. An inaccurate statement even on this matter was furnished to Parliament which is why I mention it now.

More important is the fact that we have no fewer than 1,400 shareholders. In other words, each of our shareholders owns on an average something less than five acres of coffee. If the habit of investment is to be encouraged, should not these people be encouraged also, provided that no anti-social policy is involved? Many of them depend on their dividends for their living, and in good faith, we have to do our best for those who have supported and relied on us.

No place for coffee was found in the Government of India's First Five-Year Plan. One reason might very well be the oddity of an Agricultural subject being placed in the Commerce Portfolio, but this means that an additional responsibility was placed on growers to ensure that all aspects of developing their industry were carefully studied. We can make many excuses for failing to put forward our case, but the blame lies with us, and planters must see that it is not repeated.

To return to our Company, at Kushalnagar there was an increase in the quantity of coffee cured from 1,092 tons the previous season to 2,054 tons in 1952-53. This was a splendid achievement.

Our Fruit Juice Factory is still in the Pilot stage, and we have had to wait for certain machinery to enable us to proceed with our production. The quality of the products manufactured is excellent.

In March of next year I shall be leaving India on my final furlough, for my employment by the Company will cease finally next September. Your Directors have given very careful consideration to the arrangements which will have to be made after my departure. Mr. R. C. Paterson who is at present both our Secretary and one of our Directors will take my place as head of the Company. Mr. D. H. Dasappa, a Director and one of the most knowledgeable coffee planters in Coorg, has kindly agreed to act as Visiting Agent for our estates. Two of our senior managers one in North Coorg and one in South Coorg will see that his instructions are properly carried out. We hope to strengthen the planting side of the Directorate by persuading a well-known planter to join the Board. The Directors of the Company have requested me to pay one more visit to India in two and a half years' time, and to report on the estates, which I hope I shall be able to do though in a private capacity.

We have succeded in building up a splendid coffee team in our Company, and I have no doubt at all, that whatever our achievements have been in the past, those of the future will put them in the shade.

And now it only remains for me to thank my fellow Directors for the help and guidance they have given me throughout the year.

I must congratulate our managers and all those employed on the estates, in the Curing Works and at our Head Office for the splendid results achieved by their labours during these years, and also thank them for the loyal and unfailing support they have at all times given to me.

POLLIBETTA, IVOR BULL,
31st December, 1953. Chairman.

THE EASTERN ECONOMIST

(Subscription Rates)

	Payable in advance	
	India Rs.	Foreign Rs.
Annual	50	66
Half-yearly	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9|- per year.

Foreign air rates on application. Offices in New York, London, and Tokyo.

Manager,
THE EASTERN ECONOMIST LTD.
52, Queensway,
NEW DELHI.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360 0*	369.5	619.8	397.4	90.6	100 4	86.8	94.0
June ,, c ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	4.4
July ,, c ..	406.4	480 5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475 3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448 0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441 4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
Week Ending										
7-11-1953 ..	384.5	436 9*	352.6	366.6	719.1	391.8*	90.2	101 3	87.0	94.7
14-11-1953 ..	381.6	437.3	353.3	367.8	715.7	391.4	90.2	101.3	87.1	95.3
21-11-1953 ..	375.6	446.8	357.2	366.6	714.4	391.3	90.2	101.4	87.2	96.6
28-11-1953 ..	370.6	444.3	359.4	362.9	711.5	388 6	90.2	101.4	87.3	97.4
5-12-1953 ..	368.4	446.4*	356.5*	363.5	710.4	387.7	90.2	101.5	87.6	98.3
12-12-1953 ..	363.4	452.0	356.7	363.8	710.6	387.2	90.3	101.5	87.7	98.3
19-12-1953 ..	367.6	464.9*	355.7	363.5	712.4	390.2*	90.3	101.6	87.8	98·0
26-12-1953 ..	368.8	474.5	357.5	364.1	712.5	392.6	90.3	101.8	88 1	98.0

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

WORKING CLASS COST OF LIVING

August 1939=100

Period	Bombay	Bombay June 1934 =100	Ahmedabad July 1927 =100	Delhi	Bengal	United Provinces	Central Provinces		Madras	East Punjab	Bihar
	Bombay			Delhi*	Calcutta	Kanpur	Nagpur	Jabbulpore*	Madras June 1936 =100	Ludhiana*	Jamshedpur*
1939 (Aug-Dec)	103	..	..		..	196	104	..	106	..	..
1946 ..	246	259	209	108	275	328	285	101	235	119	103
1947 ..	265	279	219	122	309	378	320	123	272	142	123
1948 ..	288	303	243	132	339	471	372	146	309	168	136
1949 ..	292	307	248	132	348	478	377	151	323	164	138
1950 ..	298	313	257	132	349	434	372	153	325	165	145
1951 ..	314	330	261	142	370	451	392	168	334	167	160
1952 ..	321	337	259	143	351	441	380	150	330	151	155
1952 December	330	346	262	137	346	447	378	149	327	148	150
1953 January ..	330	346	260	135	337	454	381	145	327	144	149
February ..	334	351	264	136	334	459	380	144	351	144	150
March ..	341	358	265	136	333	448	381	145	353	145	148
April ..	342	359	269	137	344	434	384	146	354	147	148
May ..	346	363	275	139	345	441	391	155	356	146	152
June ..	353	371	282	140	363	453	393	159	360	148	156
July ..	355	373	288	142	375	465	394	160	355	148	158
August ..	358	376	285	144	373	469	397	157†	352	149	160
September ..	353	371	283	145	366	464	391	154	351	150	163
October ..	350	368	282	144	..	457	..	..	..	..	..
November ..	..	..	..	..	..	453	..	..	..	..	..

*Base 1944=100 †Provisional

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	2-1-1954			26-12-1953			19-12-1953			12-12-1953		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	82-14	81-13	82- 7	83- 8	81-15	82-11	81-15	80- 2	82- 5	81-12	80- 0	80-14
Silver (per100 fine tolas)	153- 6	151-14	152-10	152-15	151-11	152- 5	151-13	150-12	151- 4	151-12	149-13	150-12

Regd. No. D-314.





Your "next day" neighbour...

Over 30,000 passengers have already flown by B.O.A.C. Comet Jetliner since the world's first service was inaugurated in May 1952. Ask any one of them about this miracle of effortless flight... about the comfort and quiet as you cruise eight miles a minute... the lack of vibration and absence of travel fatigue. Then you will understand why B.O.A.C. is miles ahead in air travel. And why your next flight to Japan, Singapore or Bangkok must be by B.O.A.C. Comet Jetliner.
No other airline flies so far so fast...

Consult your local B.O.A.C. Appointed Agent, or B.O.A.C. Offices in Bombay, Delhi, Calcutta or Madras

105 MILLION PASSENGER MILES AHEAD IN COMET JETLINER EXPERIENCE

FLY BY B·O·A·C

BRITISH OVERSEAS AIRWAYS CORPORATION

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52,Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

AIR FREIGHT EDITION

SECRETARIAT LIBRARY 20 JAN 1954 MADRAS GOVERNMENT

THE Eastern Economist

VOL. XXII. NO. 3. NEW DELHI: JANUARY 15, 1954. ONE RUPEE

CONTENTS

	Page
LEADING ARTICLES:	
1954: RECESSION OR READJUSTMENT?	73
THE PRAJA SOCIALIST DILEMMA ..	75
STREAMLINING THE SERVICE	76
THE WEEK'S NOTES	77
The State of the American Union; Indo-Ceylon Understanding; U.S. Economic Aid to India; Emergency—The Legislative Fiction; Pace of Agrarian Reform in Madras; Bombay Ban on English Teaching.	
WORLDGRAM AND NEWS IN BRIEF ..	79
A WINDOW ON THE WORLD	
Odysseus on "A Rural Indian Idyll" ..	83
BOOK REVIEWS	85
A DELHI DIARY ..	87
SPECIAL ARTICLES:	
CHITTARANJAN'S CENTURY	88
INDIA'S FOREIGN TRADE: CHANGES IN DIRECTIONS	89
THE BUSINESS WORLD:	
Sterling's Reserves	91
The Puzzle of Cloth Stocks	91
Clothing the Millions	92
BUSINESS NOTES	95
Cloth Exports Up; Trade Deficit with the U.K.; Outlook for Oils; Coastal Shipping Trade; A.-I.M.O.'s Plea; External Market for Tobacco; Air Travel Insurance; Export of Iron and Manganese Ores; Ion Exchangers from Indian Coals; Training in Co-operation.	
COMPANY AFFAIRS	99
COMMODITY NEWS AND NOTES	101
CURRENT STATISTICS	105

1954: Recession or Readjustment?

THE grand debate has gathered force this week. Is 1954 to be a year of recession, or merely a year of readjustment or downturn? In India, the differences between these words are scarcely understood. They are American symbols in ascending order of magnitude to describe the range of drops in business activity short of depressions. A 'downturn' is merely a levelling off of previous rises. A 'readjustment' implies a fall in activity such as that which occurred in 1949; this was a fall of about four per cent in industrial production in the United States from the 1948 level. A 'recession' is something of the order of a drop in business activity of over ten per cent. A 'downturn' can be taken by the United States in its stride and the Free World with some little difficulty. A readjustment can be absorbed readily in the United States, but will cause severe repercussions abroad, as a four per cent fall in American production has tended to be reflected by a twenty per cent reduction in imports from the sterling area. Anything like a recession of ten per cent in real terms of American business would shake almost every trading partner of the United States.

Which of these declines is portended in available data at the beginning of 1954? The economists are fairly divided. Colin Clark in Britain and Paul Douglas in the United States prophesy a recession, the latter being a little more pessimistic than the former in proclaiming that the recession is already on. Senator Douglas argues on very inadequate data. The production of automobiles is 12 per cent below last year; mail order sales, chiefly to farmers, are down 16 per cent; carloadings are down 12 per cent as compared with the comparable period last year. Business failures are 50 per cent higher, and steel production in the last two weeks of December was just about seventy per cent of capacity. This is a gloomy picture. But it only shows how erroneous particular figures can be. There is no indication that total consumption expenditure in the United States has fallen.

Given below are the most trustworthy figures set in graphical form. They have been abstracted from Department of Commerce figures and set out by 'Fortune'. They show a levelling off; a downturn and no more. Mr. A. S. Goldberger and Mr. L. R. Klein, notable econometricians of the Department of Economics, University of Michigan, describe forecasts from their mathematical model as revealing a "mild downturn". In this forecast gross national product (at 1939 prices) moves down from about 180.1 million dollars to 174.8 million dollars for 1954. This latter figure is 2.8 million dollars above the 1952 figure of 172 million dollars. Even more comforting is the figure given for consumption in 1939 prices which is 117.3 million dollars for 1954 against 116.1 in 1953 and 111.4 in 1952; in other words, there is to be no net decline in consumption expenditure. The fall is almost entirely in gross private capital formation which is scheduled to drop (at 1939 prices) from 26.0 million dollars in 1952 to 22.7 million dollars. There would appear, therefore, to be a slowing down of new investment; no significant slowing down on consumer demand.

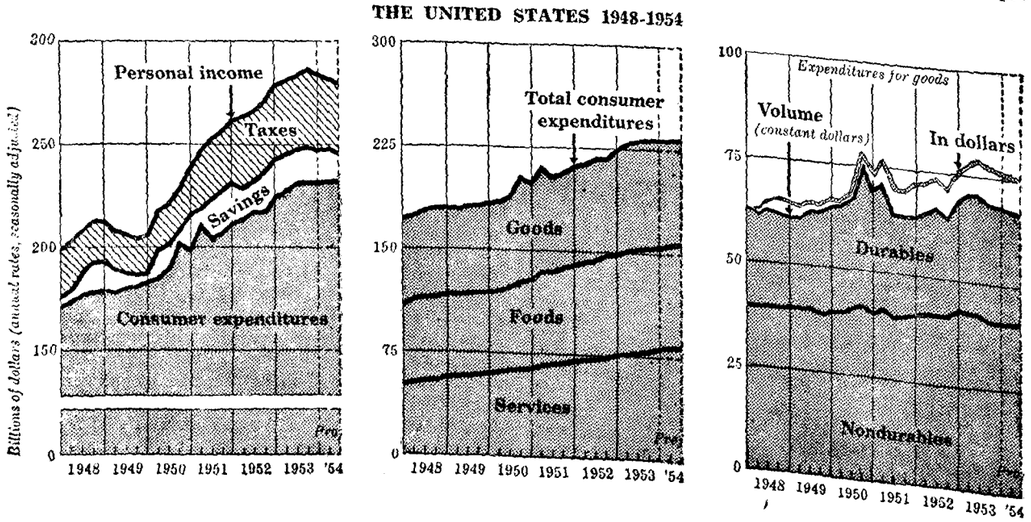
There is no doubt there is some producer hesitation already, and almost all the facts presented by Senator Douglas are the sensitive points in the American economy which reflect this change. But the insensitive points of the American economy greatly exceed the sensitive points. Senator Douglas's picture is certainly unjustified in its gloom.

The safest bet in this conflict between the experts is that 1954 will see a readjustment of the same order as that which took place in the United States in 1949. This is a sufficiently gloomy prospect. And we in India cannot afford to ignore the impact of such a readjustment on our economy. It is almost certain that we will benefit by a drop in the prices of machinery; but equally it is almost certain that there will be a decline in our market for hessian, where Pakistan competition is now beginning seriously to tell. Pakistan has only three large mills but they are reported to be working triple-shift while India's mills by the working agreement are limited to a 42½-hour working week with 12½ per cent of the looms sealed. The future of the jute industry should be causing serious concern. A downturn of any kind in the United States is bound to affect hessian sales. The wisdom of retaining any export duty on hessian at the present time can certainly be questioned.

It is obvious, however, that it is not only our hessian exports which will come under pressure. Any downward movement of prices in the United States will certainly affect almost all our exports, and, with a rigid cost structure like the present, India is in no favourable position to enter into a price-cutting race. The possibility of an American recession thus tends to underline the need of a price policy which will enable adjustments to take place in India before they are forced upon us by the readjustments in the United States. We have, indeed, some capacity to manoeuvre in the fact that we still have a small range of export duties which can be removed. If the readjustment is of the order of two or three per cent as forecast by Messrs Goldberger and Klein, the removal of the export duties might be sufficient to keep our exports at their current levels. If the readjustment is larger than five per cent (which seems prima facie unlikely), a serious reconsideration of labour policy will be inevitable.

To the extent that an international factor operates to reduce our prices, there will be additional scope for deficit financing to increase to cope with a fall in internal prices. This is not, however, in all circumstances a consummation devoutly to be wished. While the acceptance of deficit financing has now won widespread support, the greatest caution will need to be exercised that deficit financing does not price us out of our export markets, even after the export duties have been removed. It is vital that the Indian system should be carefully studied with the same techniques which are being used in the United States to determine the result on prices of varying changes in certain coordinates of the system. Has India any econometricians? This is the time for a search to be made for those who can prophesy with a good mathematical model as a guide. If India has no econometricians, here at least is one field where a foreign technical expert can profitably be set to work.

THE UNITED STATES 1948-1954



The Praja Socialist Dilemma

WHEN the Praja Socialist Party held its first National conference in Allahabad last month to take stock of its position and plan for its future, there seemed to have been a distinct loss of the confidence which it had developed earlier. Six months earlier, at the Betul convention in the middle of June, the Party could look back to a satisfactory record of bye-election successes which appeared to indicate growing preference for the P.S.P. as a constitutional opposition. The talks on coalition earlier in the year, between Mr. Nehru and Mr. Jayaprakash Narayan, had also conferred more political importance on the Praja Socialists than what would ordinarily have been possible on the basis of the votes or seats secured by them in the general elections. Apparently, it was that confidence which inspired the unanimity of opinion at the Betul Convention against opposition for the sake of opposition and favouring a constructive approach vis-a-vis Congress Governments and their policies. The complaint against the Congress organisation and the Government then was mainly that they were unwilling to translate into action the ideas which they professed; and the task of the P.S.P. was felt to be to step in only where the Congress had failed.

All these ideas suffered modification later in the year and had raised anxiety over the organisational aspect of the party. The starting-point of the change was the negotiations over a coalition government in Andhra and the Congress Party's stand over the status of Mr. Prakasam. It is not possible to hide the fact that whatever the merits of the stand of the P.S.P. leadership, there has been a serious tactical defeat for the P.S.P. in Andhra when Mr. Prakasam was forced to leave the party. It was made worse when the bulk of the rest of the party was also alienated. The position in Andhra today is, if the expectations about a general election in June materialise, that there would be a polarisation of the two parties, Congress and Communist, the prevention of which has hitherto been regarded as the raison d'etre of the P.S.P. That role was particularly appropriate in Andhra because of the vantage held by the Communists, partly on the basis of the opposition vote, which the K.M.P.P. and K.L.P. had earlier shared. The leadership of the P.S.P. may have reasons to feel self-righteous about its stand in relation to its Andhra wing, but, in the event, it has been proved a serious political miscalculation.

It has exposed the lack of restraint and cohesion in leadership which are vital at least in the formative stages of a political party. The reaction to the Andhra reverse has not been to bring in a chastened mood but a persistence in courses which could only cause further confusion. The decision to have an electoral arrangement with the Communists in Travancore-Cochin, in opposition first and subsequently in office if that should be possible, fits in precisely with the Communist policy disclosed at Madurai. It was a far cry from the coalition with the Congress, discussed in March, to the working electoral partnership with the Communists later in the year. A narrow conception of political expediency might well have dictated such a course; but then if expediency had been the criterion there should have been no difficulty in finding a modus vivendi with the Andhra P.S.P., which would have saved the party from premature collapse in that area. A political party is certainly more than the sum of its membership; it would not, however, follow that the membership is, therefore, easily expendable.

The existence of the "present malaise" in the P.S.P. is not denied. At Allahabad, the General Secretary of the party, Mr. N. G. Goray, presented a report which has analysed the reasons for it. Unfortunately, the report seems to have concentrated attention more on organisational discipline than the achievement of cohesion on the basis of firm programmes and policies. It is difficult to detect the presence of such cohesion even in the highest levels of leadership of the party; the consequent uncertainty in the ranks is only natural. The lack of a close touch with the people of various ranks, which the Goray report has deplored, cannot come merely through organisational discipline of the kind which is transmitted from above. There has been lack of sufficient emphasis on constructive work at the primary levels because such work can only be practicable through co-operation with administrative agencies. Such co-operation need not necessarily affect the identity of the Praja Socialist creed or its organisation. So long as a mood of petulant anger prevents such co-operation, which any political opposition in a democracy can offer in its own, and in country's, long-term interests, the feeling of frustration cannot obviously be avoided.

The Congress Party has two major accomplishments to present before the country—its foreign policy and the economic programme comprised in the Plan. The Praja Socialists have hardly been able to work out alternatives to either on which they could take a stand in an unrelenting manner, regardless of consequences, if they are actually so irrevocably opposed to Congress rule. "Whatever mistakes of omission or commission our Government may have done in details in its foreign policy", Acharya Kripalani declared at Allahabad, "its position of non-alignment by whatever name called, as between the two Power-blocs, the Anglo-American and the Russian, is the only correct position that a peace-loving nation like ours can adopt at the present juncture". The criticism of the 'details' of this policy has never seemed at any time to have been strikingly appropriate. With a mixture of hindsight and extreme irresponsibility, leading P.S.P. spokesmen have freely indulged in talk of what could have been done several years ago, to avoid facing the question of what specific changes of day-to-day policies they would advocate now and why. Such vague charges like the failure to build up a third force can never carry any conviction; they may sound clever, but they do not ring true.

The general hostility to the Five-Year Plan is more pronounced and less hesitant. There will be few to disagree with the general criticism, made from any quarter, that what is being done in not enough. Such dissatisfaction is the mainspring of initiative. But has the P.S.P. a concrete alternative? Would the P.S.P. oppose the Government's irrigation programme or power schemes as now conceived? Does it dislike the community projects, or the rate of railway rehabilitation? Obviously it cannot be dissatisfied, because of its political doctrine, with the fact that the private sector has not been fully assisted so far to play a larger role. The policy of land redistribution, on which alone the P.S.P. seems to have something of a missionary zeal, is not a complete economic policy. The old slogans of nationalisation, decentralisation of industry, swadeshi or equality are there; are they enough at least to give the party rank and file the impression of a distinctive policy, which justified the extent of opposition and non-co-operation which is advocated in the political sphere with the Congress administration? The latest feat of the policy commission of the Praja Socialist Party at Allahabad has been to think up the giant sum of Rs. 60,000 crores as the capital outlay needed on economic development and to contrast it with the pigmy of Rs. 2,000 crores offered by the Government of India in the first Plan. No one, wishing the growth of the P.S.P. for the role of a constitutional democratic opposition, can view with equanimity these extremely unhealthy political tactics. Whether the ensuing electoral experiences in Travancore-Cochin, P.E.P.S.U. and possibly Andhra, will bring more wisdom, cohesion and sense of responsibility remains to be watched.

Streamlining the Service

THE news that Dean Appleby will be visiting India again and that the Institute of Public Administration, which he recommended, will soon be established illustrates the persistence of attempts to improve the public service. Unfortunately, however, the services themselves have not, at any rate recently, been excessively enthusiastic about these attempts.

The evils to be treated are recognisable. Civil servants holding offices which are impressively described, have been less and less able in recent years to take decisions or to accept responsibility. Integration of the services has been a major unsolved problem in the former Indian States, and it has destroyed morale on a very big scale. Even at the Centre, post-war reforms seem to have had two broad effects. They have created frustration in the middle ranks, and strengthened the feeling of casteism within the public service the cadres functioning as castes in effect—as the Prime Minister himself has not been slow to recognise; and the difficulties of the initial constitution of the cadres being what they are—inevitably, for example, the I.A.S. is staffed by comparatively inexperienced men—it has been all to easy for politicians to get out of the habit of relying heavily on the services. An Institute is hardly the answer to these problems.

It is already to be feared that the public service is not drawing the best talent that there is in the country. Ministers, who have been in the rough and tumble of politics, naturally get the feeling of being more closely in touch with their constituents than the civil service. At the same time, in the rush of paperwork, the increasing remoteness of the Secretariat, which even in the old days, contrary to the general impression, was quite evident to non-official Englishmen, is becoming more and more apparent. Junior civil servants are naturally overwhelmed in these circumstances by the multitude and complexity of modern administration. Their preponderance in the services, inevitable in the conditions which prevailed after independence, has led recently in the south to the creation of Commissioners' divisions, in defiance of a hitherto-established tradition.

The seniors, however, for their part, are no longer competent to decide matters. Taking orders from those who do not any longer belong to their own class, they have even to some extent lost confidence in themselves. And, not unimportantly, in quite a few positions, the salaries in the public service are no longer adequate. The difficulties of attracting talent to the higher judiciary have, for instance, been so conspicuous recently that the question of liberalising conditions for resuming private practice, in the case of retiring judges, has had to be re-examined. Some old-established rules are also being waived at the present time in the case of scientific personnel. This increasing awareness of the need to make public service more attractive may help. Nevertheless, general administration has become, perhaps, slightly less attractive on balance than it used to be.

It is no secret that the Prime Minister has been interested for some time in putting matters straight. He has preached to and even at the services, whenever, in recent times, there was an occasion. He has openly favoured some more flexible system of recruitment, outside the Public Service Commissions perhaps, for the technical posts. A system of titles for distinguished service has also been revived; and while Dean Appleby's services are again being requisitioned, the Prime Minister has quite recently been busy laying down standards of dress in the public service, and has tried to force monogamy on civil servants—to the extent, that is, that this is an imposition.

These are laudable attempts. The anxiety to reform the public services, by nagging if necessary, and to use them as the spearhead of reform is the counterpart of the Prime Minister's impatience of intolerable or bad working conditions and of his quite well-known desire that Government should set an example to all other employers in the matter of emoluments and amenities. But all the same, it does no good to be impatient and to undermine the feeling of confidence and security which was built up after independence, especially by Sardar Vallabhbhai Patel. It is possible to carry the idea of converting the public service, by artificial means if necessary, into an enlightened and reformist class a little too far—just as the idea of providing ideal conditions of service in respect of employment under the State can degenerate easily into pampering.

Whether civil servants are or are not able to conform in practice to standards, which are from time to time laid down for them (and much more can obviously be said on the matter of dress which has been the subject of the Prime Minister's recent circular), it is unfair both to the services, and to society outside of them, to lay down the law for a class. It is hardly appropriate to seek to introduce desirable reforms, provided they are desirable at all, by forcing them on a serving class by means of executive fiats—instead of legislating for the entire nation.

If the public service in India is in need of improvement (as which growing bureaucracy is not?) the proper and appropriate remedy is not to restrict the freedom of its members, or to provide set and academic courses of instruction for their benefit. The real decisions may be hard for a ruling party to make. But nevertheless, they must be made. Madras has set an example in this matter—even at the cost of personal unpopularity for the Chief Minister.

Interference by non-officials in the day-to-day administration has been severely restrained in that State. Madras was also the first State to insist that senior officers must be posted back to it, so that they could be available for training the others. After all, there is no substitute, even today, for district experience; and if prolonged stay in the districts is apt to make one conservative, and to induce disbelief in the virtues of mere paper plans and programmes, this is not an attitude which need be entirely regretted in the civil service. On the contrary, this may be just the tradition to promote in the permanent service, as a counterblast to the Ministers' tendency to change everything and to introduce ill-digested reforms. Even Madras, however, does not go far enough.

District experience is valuable. But it is no longer adequate in many appointments. The difficulties which the Government of India has experienced, in succession, in finding legal draftsmen, managing directors of companies, and persons qualified for higher office in the Reserve Bank, are the consequence of the almost complete neglect so far of training within the civil service, in the sense of providing a succession of jobs intended to enlarge the experience of individuals and to qualify them for particularly difficult offices. The time has arrived when the key positions, calling for special knowledge, can no longer be filled, as they have recently been, as a result of a mere chance. Dean Appleby's idea that there must be greater mobility and selection by merit must obviously be explored more fully than it has been.

It must be recognised above all that the public service cannot be improved in isolation from the rest of the community, or be expected to conform to standards which are not common to the entire society. To seek to improve the administration, but to pay utterly inadequate attention to the quality of education in the universities, is most assuredly not to put first things first. In this sense, there can be no divorce at all between improving general standards and the standards of the civil service. One may wonder sometimes whether this is appreciated quite as much it should be.

THE WEEK'S NOTES

THE STATE OF THE AMERICAN UNION

President Eisenhower's State-of-the-Union message covers a very wide range of subjects. The President has emphasised the great "strategic change" in the world during the past year which has given the initiative to make the United States policy "not limited to mere reaction against crisis provoked by others." The theme of U.S. foreign policy, he declared, was "to hold this new initiative and to use it." In the field of foreign assistance and trade, which the President called was the practical application of U.S. foreign policy, the main principles were stated as follows: "Military assistance must be continued. Technical assistance must be maintained. Economic assistance can be reduced." This reduction of economic assistance, however, was mainly in relation to Western Europe and the other areas in which objectives are being achieved. The President also declared his intention to propose in his Budget message that the Secretary of Defence should have "primary responsibility for the administration of foreign military assistance in accordance with the policy guidance of the Secretary of State."

Defence policy took a prominent place in the President's message and contained the suggestion to Congress that American defence would be stronger if the U.S.A., under appropriate safeguards, shared with her allies certain knowledge of the tactical use of nuclear weapons. This has been one of the red rags to Congress all along. A second subject which has made Congress allergic for more than a decade is the question of participation in the St. Lawrence Seaway Project sponsored by Canada and the President has in this case also earnestly sought Congress approval in the name of security and economic advantage. The domestic programme was prefaced with assurances on the elimination of subversives in Government and readiness to propose other measures to combat subversion, including forfeiture of citizenship rights. The indications given of the Budget proposals revealed a lower level of revenue and expenditure. Individual income-taxes have been reduced and the Excess Profits Tax has expired and more tax reductions have been promised along with reduction in expenditure. The current fiscal year has shown tangible evidence of saving of $7,000 millions and a further $5,000 millions of saving is promised in the next fiscal year. There is a promise of revision of the tax system by removal of restraints on the growth of small business and the burdens on small tax-payers; for business that wants to expand or modernize its plant there is promise of "liberalised tax-treatment of depreciation, research and development expenses, and retained earnings." Whether all this would fulfil the fears of recession caused by the prospect of a lower government spending or release new forces of expansion may be debated. The President's message has certainly given the first impression of a bold, new programme.

INDO-CEYLON UNDERSTANDING

Prime Minister Sir John Kotelawala, who will arrive in Delhi shortly, has already built up an atmosphere of friendliness in this country of which he will see sufficient evidence during his brief sojourn. His statements have from time to time raised expectations about a satisfactory outcome of the long-standing problem of the citizenship of Ceylon Indians, which is now the only source of differences between India and Ceylon. The immediate internal political reactions of a fair settlement of the question of citizenship have probably figured more prominently in Ceylon hitherto than the long-term benefits of close co-operation between the two countries. This does not mean that the two countries are not co-operating sufficiently already but that a better understanding may be reached when this vexed question is put away and ceases to affect Indo-Ceylon relations. Recent reports have indicated the possibility of voting rights being conferred on Indian residents without citizenship. This status of "denizens" will probably be explored more fully at Delhi and it is unnecessary at this stage, when its implications are not clear, to pronounce on its adequacy as a substitute for citizenship for any section of the Indians. As this point is said to have been raised at an earlier stage with the Indian Prime Minister the Government of India must by now have been able to decide its attitude.

Sir John Kotelawala's other desire to bring the South Asian Governments into closer contact to exchange views on common problems has secured a very favourable response not only from India but also from the other countries concerned. The initiative came at a time when Indo-Pakistan differences on the question of U.S. military aid were at their sharpest. The Pakistan Prime Minister has indicated that he would refrain from attending the entire meeting of South Asian Prime Ministers or those sessions in which military aid to Pakistan is discussed, if at all. Such a boycott would make the meeting a farce. If the plea of domestic jurisdiction is raised on any vital issue which affects the relations between any two countries, even such informal discussions as those now contemplated will become useless and get wrecked on legalistic detail. Obviously national sovereignty can clothe any act with sanctity and prevent any problem from being regarded as common. The test must be whether there are reasonable grounds to consider that the policy of any one or more country creates sufficient reactions among the others to make it a common problem for purposes of informal discussion. No meeting of Asian Prime Ministers would be necessary to exchange friendly greetings or discuss commonplace matters. Sir John Kotelawala's prior visit to Karachi was, therefore, appropriate, and should have made him wiser on the question whether the time for a meeting is now suitable.

U.S. ECONOMIC AID TO INDIA

The two operational agreements between India and the United States signed during the last two weeks show a different type of utilisation of U.S. foreign assistance to India. For 1953-54, the United States has authorised a sum of $77.1 million to India under her foreign aid programme, which, with the $88.35 million authorised in the earlier year (under the technical assistance programme) brings the total U.S. aid to $165.35 million, besides the wheat loan of 1951. However, of the $77.1 million now authorised only $16.6 million is technical aid of the kind already received and the balance of $60.5 million is economic aid. This change in designation is of some significance because the technical aid granted could only be absorbed at the rate at which the various aid projects made progress with the result that the unutilised balance of foreign aid has been high. Together with the recent favourable payments position, which has prevented the utilisation of other foreign assistance and of the sterling releases available, the impression has been created that there are limits to the capacity of the Indian economy to absorb foreign aid. This impression has to be corrected and the two operational agreements show the directions in which economic aid is needed and still can be utilised effectively for development purposes.

The first operational agreement allocates $20 million for the purchase of 100 W.G. broadgauge locomotives and 5,000 freight wagons (of both gauges), which will accelerate the pace of Indian railway rehabilitation. The existing arrangements for rehabilitation under the Five-Year Plan would still leave 1,500 locomotives and 12,000 wagons overaged and in need of urgent replacement, while the rate of internal production will

hardly be able to supply these requirements. The second operational agreement provides for the purchase by India of 200,000 tons of steel which is about half the shortage in the current year in respect of plates, rails, sleeper bars and sheets. The cost of the steel is $25.5 million and a special feature of the agreement is that purchase is permitted on a global tender basis.

EMERGENCY—THE LEGISLATIVE FICTION

Some disquiet has at last been manifested in parliamentary circles over the tendency of the executive to resort to ordinances as a convenient instrument of enacting legislation under the plea of emergency. The Constitution has rightly provided a method by which the executive can act quickly in a real emergency when Parliament or the State Legislatures are not in session. There are stringent conditions prescribed in Articles 123 and 213 for the ratification of an ordinance by the Legislature. That should be sufficient indication of the spirit in which the emergency powers should be exercised. Further proof, if required, of the exceptional character of the emergency powers can be gathered from the fact that so long as Parliament is in session, no law can be enacted, whatever the nature of the emergency, except under the due parliamentary procedure. There is now sufficient ground for the feeling that the spirit of the Constitution has been flouted on a number of occasions by the Government of India on various pretexts. The ordinances enacted at the end of October last related mostly to Bills which had been pending for some time and could well have waited till the session of Parliament was convened early in November last. In none of them could it be proved that any serious crisis could have arisen if Parliament had been asked to give priority as soon as it met, or if approval was sougnt in the earlier session if there had been sufficient forethought.

It is another of such spurious emergencies that will be created when the Press (Objectionable Matter) Act expires at the end of this month. The Ministry of Home Affairs had only the diligence to prepare a draft Bill and introduce it in Parliament but not to get parliamentary approval, obviously because the power of ordinance is handy in such cases. The executive may even choose to quibble over the language of the Constitution and say that the word "emergency" has been excluded and that on each occasion the President must only be satisfied that "circumstances exist which render it necessary for him to take immediate action". The impropriety of stretching this language to cover every ostensible necessity of the executive is obvious. It would at the same time be inappropriate for Parliament to devise fetters on the exercise of this authority because of frequent abuses of it. The President is already placed in the embarrassing position of having to declare that he is "satisfied" whenever the Council of Ministers decides on immediate action. It is for the Cabinet to exercise this special power in a more responsible manner in order to set up healthy conventions for the future.

PACE OF AGRARIAN REFORM IN MADRAS

The Malabar Tenancy Bill passed by the Madras Legislative Assembly last week has marked another step forward in the policy of agrarian reform in Madras State which commenced with the Tanjore Tenants' Protection Act of 1952. It is difficult to simplify the very complicated pattern of tenure-holding that has developed in Malabar. But the existence of a large number of tenants and landless workers in Malabar has given an impression of the existence of landlordism in the sense of concentration of ownership, which is contrary to facts. The Madras Chief Minister pointed out during the debate that out of 450,000 pattas (holdings with proprietary rights) 430,000 were covered by assessments of less than Rs. 50 per annum. About 120,000 of these "landlords" owned less than 10 cents. There were 9,000 pattas assessed between Rs. 50 and Rs. 100 and only 6,000 assessed at above Rs. 100. The agrarian discontent is mainly the result of an increasing pressure on land of a growing population. In this situation, while the Government can intervene to protect tenants by prescribing lower shares of the crop as rent, the welfare of the community as a whole did not warrant any directly discriminating policy in favour of tenants alone to the disadvantage of the small landowner, in such matters like the resumption of direct cultivation of land.

Even so, the Bill now passed restricts the landlord's right of bona fide resumption of cultivation by declaring that no tenant should be liable for eviction if he or his family has been in occupation for 6 years. There has been an increase of allowances for expenses of cultivation. Safeguards have been provided for other kinds of evictions. The rent paid by tenants, equal to half the assessment, in addition to a share of the crop, has now been abolished. A limit has been prescribed to any future increase that may be awarded in the process of fixing fair rents to be paid by tenants.

This measure has synchronised with another measure for protecting the tenants of South Kanara from eviction. It has been provided that, subject to the payment of the current rent, no cultivating tenant in South Kanara district can be evicted from his holding for a period of one year. This measure can only be a prelude to other steps for dealing with the problem in a more comprehensive manner later on. These agrarian reform measures have come in a piecemeal fashion, mainly because the problems in the various areas are dissimilar. But the progress has been steady, even if it appears slow to those who are zealous for land reform in the abstract.

BOMBAY BAN ON ENGLISH TEACHING

The dogmatic and self-righteous attitudes of the Bombay Government on public policies, which are of a highly controversial nature, are matters of common knowledge, though the danger of intolerant and highly opinionated governments riding roughshod over public opinion has been increasing in other areas also. The latest directive of the Bombay Education Minister to prevent English teaching schools from admitting pupils other than pupils belonging to the Anglo-Indian Community or of other citizens of non-Asian descent has far-reaching implications. Ostensibly it is in pursuance of a policy adopted in 1948 that English should be gradually replaced by Hindi and that instruction should be restricted to Hindi and the mother tongue, except for the Anglo-Indian community. The wisdom of that general objective need not be questioned. But whether it should be implemented in the intolerant manner in which it is now being attempted is the issue that is raised by this new directive.

Obviously the existing schools will be affected. There are about 31 Anglo-Indian schools which, when deprived of the Indian students who form perhaps more than half the total strength, will be left financially weak. This will affect their capacity to work well even for the benefit of the Anglo-Indian students but there is no technical breach of the assurances given to this community. The other English teaching schools have to adapt or perish gradually. That is still a lesser loss than the deprivation of the right of an Indian citizen to choose for his children the type of education which he regards as most suitable among the systems available. English is still the best common medium for all the regions in this country and it remains the most acceptable to persons belonging to other States who live in Bombay State and for whom both the Bombay regional languages as well as Hindi would be equally foreign. Others may see in an early English education and rightly, a stronger foundation for a sound technical or specialist education. There remains the question of the nature of the right which Article 29 of the Constitution guarantees; if it cannot extend to cases like this, it is time to question its value.

WORLDGRAM

TRADE

Export of Iron and Manganese Ores: The Government of India had announced the licensing procedure for the export of iron and manganese ores from the port of Calcutta up to December 31, 1953. The Government of India have reviewed the position in the light of available transport capacity and have decided to license the export of these ores to both established shippers and mine-owners from the port of Calcutta during the quarter January-March, 1954, on the same basis as for the quarter ending December 31, 1953. Intending exporters are required to apply to the Joint Chief Controller of Imports and Exports, Calcutta for their export allotments.

INDUSTRY

New Heavy-Duty Tyre: The new Firestone Earthmover tyre contains more than 100 pounds of Rayon Cord with a total length of over 64 miles. The weight of rubber in this tyre is approximately 400 pounds (compared to 11 pounds in an ordinary passenger tyre) and each tyre contains more than 200 pounds of various chemicals. The 21.00-24 contains more than a mile and a quarter of beadwire weighing 24 pounds (compared to half a pound in an ordinary passenger tyre). The load capacity of this tyre is 15,490 lbs. at 25 m.p.h., 17,350 lbs. at 10 m.p.h. The prescribed rim is 15" and the maximum section width is 23". The height of the tyre is 69". The total weight of 748 pounds compares to a normal passenger tyre's weight of 24 pounds. Thus the Firestone Earthmover tyre weighs more than 30 normal passenger tyres.

* * * * * * *

Steel for Indian Development Projects: The Government of India and the U.S. Technical Co-operation Mission have recently signed a $25.5 million project for augmenting India's steel supplies. The agreement, which makes 200,000 tons available for industrial and economic development, is the second in a fortnight covering economic aid in the fulfilment of the First Five-Year Plan. It is anticipated that 43 per cent of the new steel will be devoted to railway rehabilitation, wagon building, etc. 23.5 per cent will go to the steel processing industry for ship-building, hospital equipment, tubewells, etc; 20 per cent for agriculture and rural development; 8.5 per cent for river valley development; and 5 per cent for small-scale industry and cottage industries.

* * * * * * *

India Signs Agreement on Oil Exploration in West Bengal: Intensive exploration of the Ganges-Brahmaputra basin in West Bengal for petroleum will be undertaken jointly by the Government of India and an American oil firm under an agreement signed recently. The agreement increases the possibility that India will be able to meet its own requirements for petrol, kerosene, lubricating oils, and other petroleum products.

* * * * * * *

World's Most Self-Sufficient Loco Factory: Fifty-four locomotives were rolled off the Chittaranjan assembly lines during 1953, an average of more than a locomotive a week. The Chittaranjan "W. G." locomotive weighs about 120 tons, and takes some 5,300 parts and components to manufacture each engine. These works are now producing over 80 per cent of these parts for which early 1,000 different items of machinery and plant are maintained and operated. The workshop has separate foundries for iron and brass, a forge, a smithy, a light machine shop, a heavy machine and wheel shop, a tool room, an erecting shop, a boiler shop, etc. There are in operation nearly 1,440 electrical motors with a total cumulative horse-power of 13,500. The works and offices occupy a total area of one million square feet, and the Chittaranjan township houses about 30,000 persons.

* * * * * * *

Protection to Sericulture Industry to Continue: The Government of India Resolution on the Tariff Commission's report on the continuance of protection to the sericulture industry has recently been published. The recommendation that the protection granted to the industry should be continued, has been accepted. Government are, however, unable to accept the recommendations of the Commission which involve drastic reductions in the duty levied on raw silk and cocoons, silk yarn including thrown silk warps, silk yarn spun from silk waste and silk fabrics. Existing rates of duty in respect of these items will, therefore, continue.

* * * * * * *

National Research Development Corporation: The National Research Development Corporation will exploit inventions of the network of National Laboratories and Research Institutes, patents and inventions of different departments of the Government of India, the State Governments, commodity research committees and other statutory research organisations. If any industrial concern agrees to bear the cost of setting up a pilot plant or afford facilities for the conduct of pilot plant trials, it will be permitted to use the results of research free of any royalties for a fixed period. The results, however, would be the property of the research institutions and the Corporation will be at liberty to make them available to other parties and the firm will have no claim to royalties or other income accruing from the exploitation of research results. The authorised capital of the Corporation is Rs. 1 crore divided into 100,000 shares of Rs. 1,000 each. Government has agreed that the Corporation should have a subscribed capital of Rs. 10 lakhs of which Rs. 5 lakhs will be paid during 1953-54 and Rs. 5 lakhs in 1954-55 when the shares will become fully paid-up.

* * * * * * *

Development of Indian Handloom Industry: Further loans and grants for the development of the handloom industry in different States have been sanctioned by the Central Government out of the Rs. 4 crores earmarked for the development of the industry during the financial year 1953-54. The total of grant and loans sanctioned up-to-date during the current financial year is Rs. 2,55,85,331. This includes Rs. 1,31,47,231 by way of grants and Rs. 1,24,38,100 by way of loans. The Government of India have sanctioned the payment of a further grant of Rs. 16,880 to the Orissa State Government for the development of the handloom industry in the State. The amount includes Rs. 10,880 to be spent on improvement of designs and Rs. 6,000 to be spent on standardisation of handloom cloth. Government have also sanctioned a grant of Rs. 2,338 to be Hyderabad State.

FINANCE

More Sterling Releases to Egypt: The British Treasury is considering an Egyptian request to release £10 million sterling under the 1951 Anglo-Egyptian Sterling Agreement. It is learnt that the British Treasury have already released £5 million at the request of the National Bank of Egypt.

* * * * * * *

Five-Year Plan for British Guiana: A £14 million five-year development Plan for British Guiana is proposed on behalf of the World Bank. The Plan has been prepared by the survey mission of the World Bank, which spent six weeks in British Guiana studying the Colony's economy. The mission suggests improvement of techniques in the cultivation of sugar-

cane and rice, and better communication facilities in the interior.

* * * * * * *

Capital Issue in Australia: The Defence Reparations Act, which was passed soon after the Menzies Government assumed office, to empower the Government to gear the national economy for war and to sustain controls against influences expired recently. The sweeping powers contained in the Act renewed annually, were never invoked except to maintain the control of capital issues begun during war-time. Control of of Capital issues was maintained rigidly till the end of 1949, then temporarily suspended in 1950, and reapplied in 1951 in an effort to divert public savings from the booming stock market to Government loans. In the last 18 months, this control had become less rigid, and its disappearance will have no noticeable effect on Australian economy. The Government will surrender all the drastic wartime controls over materials, power, transport, productions and investment, not otherwise contained in the Constitution.

* * * * * * *

U.S. Economic Aid to Europe to End on June 30, 1954: Mr. Harold E Stassen, Director of the U.S. Foreign Operations Administration stated recently that U.S. economic aid to Europe would virtually end during the present fiscal year (by June 30, 1954). Mr. Stassen mentioned Turkey, Greece and Spain as "exceptional situations" that would require continued economic aid, and stated that the amount of economic aid required in the fiscal year beginning July 1, 1954, would be less than at any time during the past five years. Generally, there would be less money needed for military and economic assistance, while a greater amount will be required for technical assistance.

* * * * * * *

World Bank Suspends Czechoslovakia: The World Bank announced recently that Czechoslovakia had been suspended for failure to pay 625,000 dollars owed by her on subscription account to the Bank's pool of lending money. Czechoslovakia is the only Communist country among the Bank's 55 members. Czechoslovakia's total subscription is 125,000,000 dollars of which she has already paid the 18 per cent—22,500,000 dollars —in her own currency. She has owed 625,000 dollars on the 2 per cent account to be paid in gold or U.S. dollars for two and a half years.

* * * * * * *

Allocation of U.S. Military Aid Funds to Middle East Countries not yet Finalized: The U.S. Congress, in the Mutual Security Act, authorised $50 million for allocation of military aid to countries of the Middle East of which $30 million has been appropriated for the current fiscal year. None of these funds has as yet been allocated; the matter is still, under actice consideration.

* * * * * * *

Temporary Terminal Tax on Mela Passengers Ordinance Issued: The Uttar Pradesh Tax on Railway Passengers Ordinance, 1954, providing for the levy of a terminal tax from January 7 to March 15, stations 1954, on passengers travelling by Railway to certain in the Kumbh Mela region, was promulgated by the Union President. The proceeds of thus special tax will be passed on to the U.P. Government to meet heavy expenditure incurred by the State Government in this period and the Railways will act merely as collecting agencies.

AGRICULTURE

Forest Utilisation Board Reconstituted: The Government of India have decided to reconstitute the Central Avisory Board on Forest Utilisation to give further weightage to industrial, agricultural and consumer interests. The Board was set up in 1939 to stimulate and to ensure active liaison between forest research and industry. The functions of the Board will be: (a) to assign priority to various items of research, (b) to co-ordinate research with the needs of industry, agriculture and the general public, and (c) to forge links between producer, consumer and research.

MISCELLANEOUS

Indian Co-operation with the U.N.E.S.S.O.: The Indian National Commission for Co-operation with U.N.E.S.C.O., the first conference of which took place in Delhi recently, will promote better understanding of the objects of the U.N.E.S.C.O. by the people in India, and will serve as a liaison agency between the U.N.E.S.C.O. and the institutions working for the progress of education, science and culture, and for acting in an advisory capacity to the Government of India in matters concerning the U.N.E.S.C.O.

* * * * * * *

French Armaments in 1954: M. Pleven, Minister for Defence, explaining the Defence Budget before the Defence Committee of the National Assembly, stated that the French Army in 1954 would have an additional 1,600 officers, 5,000 N.C.O.'s and 9,400 regular soldiers, which represents an increase of 8 per cent in officers, 10 per cent in N.C.O.'s and more than 17 per cent in long-service men.

* * * * * * *

Kumbh Mela and the Indian Railways: Indian Railways expect to be called up to carry between 3.2 million and 3.6 million passengers at the annual Kumbh Mela. For peak periods, the Railways have made arrangements for 270 trains operating daily through nine stations every five minutes, day and night, for several days on end. Third Class passengers will receive special consideration. The total cost to the Railways in connection with the Mela may be about Rs. 75 lakhs. Over 10,000 Railway staff will be concentrated in the Mela area.

* * * * * * *

Pakistan Finance Minister Inaugurates Fourth Economic Conference: The Pakistan Minister for Finance and Economic Affairs, inaugurated the Fourth All-Pakistan Economic Conference recently in Karachi. The Conference was attended by delegates and observers from Japan, Russia and Czechoslovakia and a large number of economists and business men from all over Pakistan. The Minister called upon the Conference to analyse the factors which had kept countries like Pakistan under-developed and give guidance for making the country strong and prosperous. He said the fiscal policy of the Pakistan Government was directed to promote agriculture and industry and a considerable lee-way had been made in this respect.

* * * * * * *

Polio Vaccine Heads List of Top U.S. Medical Achievements of 1953: The development of a promising vaccine against infantile paralysis, which succeeded last year's discovery that the blood derivative gamma globulin is capable of providing temporary protection against polio, was rated by experts as the top U.S. medical achievement of 1953. Mass field trails of the new vaccine, developed by Dr. Jonas E. Salk, are planned for next year. Preliminary tests indicate that it may protect inoculated children, for three years, or longer, against the three known types of polio virus.

* * * * * * *

World Health Organization Executive Meeting: The Thirteenth Session of the W.H.O. Executive Board and a meeting of all W.H.O. Regional Directors, will take place in Geneva, where several problems of vital importance to economically underdeveloped countries will be discussed. These include proposals for an increase of W.H.O.'s regular budget in order to offset the irregularity of funds made available, by governments through the U.N. technical assistance programme to facilitate effective planning in international health work. The Organisation plans assistance to over 100 countries, on projects of health improvement.

NEWS IN BRIEF

INDIAN

The Government of India have reviewed the export policy for linseed oil and have decided to continue to license its export freely on shipping bills up to the end of June 1954.

* * * * * * *

A 'Handloom Week' will be observed shortly throughout India to emphasise the importance of the handloom industry and its capacity to clothe India's millions. The All-India Handloom Board has decided the week should be an annual feature, to popularise the use of handloom fabrics. State Governments will be subsidised.

* * * * * * *

The Government of India have reviewed the export policy of kardi seed, niger seed and their oils and have decided to continue to license export of these commodities freely on shipping bills up to the end of June, 1954.

* * * * * * *

Three training centres for officers in charge of Development Blocks and the National Extension Service are proposed to be opened with effect from April 1, 1954, with financial assistance from the Ford Foundation. The total cost of the three training centres for a period of three years is estimated at Rs. 8.47 lakhs or roughly about Rs. 2.82 lakhs per centre.

* * * * * * *

Passport administration in India, which has so far been carried on through the States, is to be centralised under the Government of India through the Ministry of External Affairs.

* * * * * * *

The Government of India have, it is learnt, decided that the export of mustard oil and rapeseed oil should be licensed freely up to the end of June 1954. This means continuation of the present export policy in regard to these two oils for another six months.

* * * * * * *

A target of five lakh maunds of quality jute for the next two years to meet the requirements of jute mills of Uttar Pradesh has been fixed by the State Government. Co-operative credit sales societies in the jute growing belt are being encouraged by the Jute Development Department for the purpose of marketing arrangements for cultivators.

* * * * * * *

The Finance Minister of Madhya Pradesh presented to the State Assembly a second supplementary estimate of Rs. 61,61,476, for the year 1953-54. The estimates include a grant of Rs. 6,50,000 for purchase of general tools and plant for major and minor irrigation projects, Rs. 7,70,000 for establishment of basic-cum-extension training centres for village level workers, Rs. 12,00,000 for welfare of backward classes and removal of untouchability and Rs. 10,00,000 for famine relief work. An expenditure of Rs. 14,90,000 has also been provided for local development works.

* * * * * * *

The Union Ministry of Rehabilitation has sanctioned Rs. 75,000 to the Government of Uttar Pradesh for advancing loans for educational purposes to displaced persons in the State.

* * * * * * *

For relief work in flood-affected areas of the country, the Indian Red Cross Society has received Rs. 1,500 and Rs. 1,000 from New Zealand and the Greek Red Cross Societies, respectively. The National Christian Council Relief Committee in India has donated 137,500 lb. of skimmed milk powder.

* * * * * * *

The development committee on the Automobile Industry is due to meet in New Delhi, to review the progress made so far, and to discuss proposals for the manfacture of heavy and medium trucks.

FOREIGN

The Government of Portugal, a member of the North Atlantic Treaty Organisation, has announced a record budget of $246,000,000 for 1954, with 30 per cent allocated for defence.

* * * * * * *

National Savings in Britain in 1953 were £1,142,000,000 ($3,197,600,000), while drawings from savings amounted to £1,147,000,000 ($3,211,160,000). The "dissaving" in 1953 was £5,000,000 ($14,000,000), as against £26,000,000 ($72,800,000) in 1952.

* * * * * * *

The United States has more than three-quarters of the world passenger cars, and almost half of its trucks and buses, according to registration figures.

* * * * * * *

Italy has distributed 637,000 acres of farm land to 52,000 peasant families in three years of its land reform programme. Italy has also spent 38,000,000,000 lire ($60,000,000) for construction of farm houses, land improvement, irrigation and farm equipment.

* * * * * * *

The world supply of newsprint in 1953 was estimated at 10,880,000 tons—an increase of 290,000 tons over 1952.

* * * * * * *

Ceylon's Rubber Commissioner recently stated that the Government of Ceylon was offering China first option of buying the surplus of sheet rubber, estimated at 15,000 tons this year.

* * * * * * *

Under the Technical Co-operation Scheme of the Colombo Plan, Mr. P. H. Mainprize, former lecturer at Gravesend Technical College, Kent, will take over a three-year appointment as Principal, Bhavnagar Technical Institute, Saurashtra. The Institute provides a five-year course for 150 students in all aspects of motor vehicle engineering and technology.

* * * * * * *

It is reported that nearly 100 oil wells were drilled in North-West and South-West China by geological prospecting teams during 1953. Twice as many teams were operating in 1953, as in 1952.

* * * * * * *

According to the Food Production Directorate, Ceylon expects a record rice harvest of nearly 20 million bushels of paddy this year.

* * * * * * *

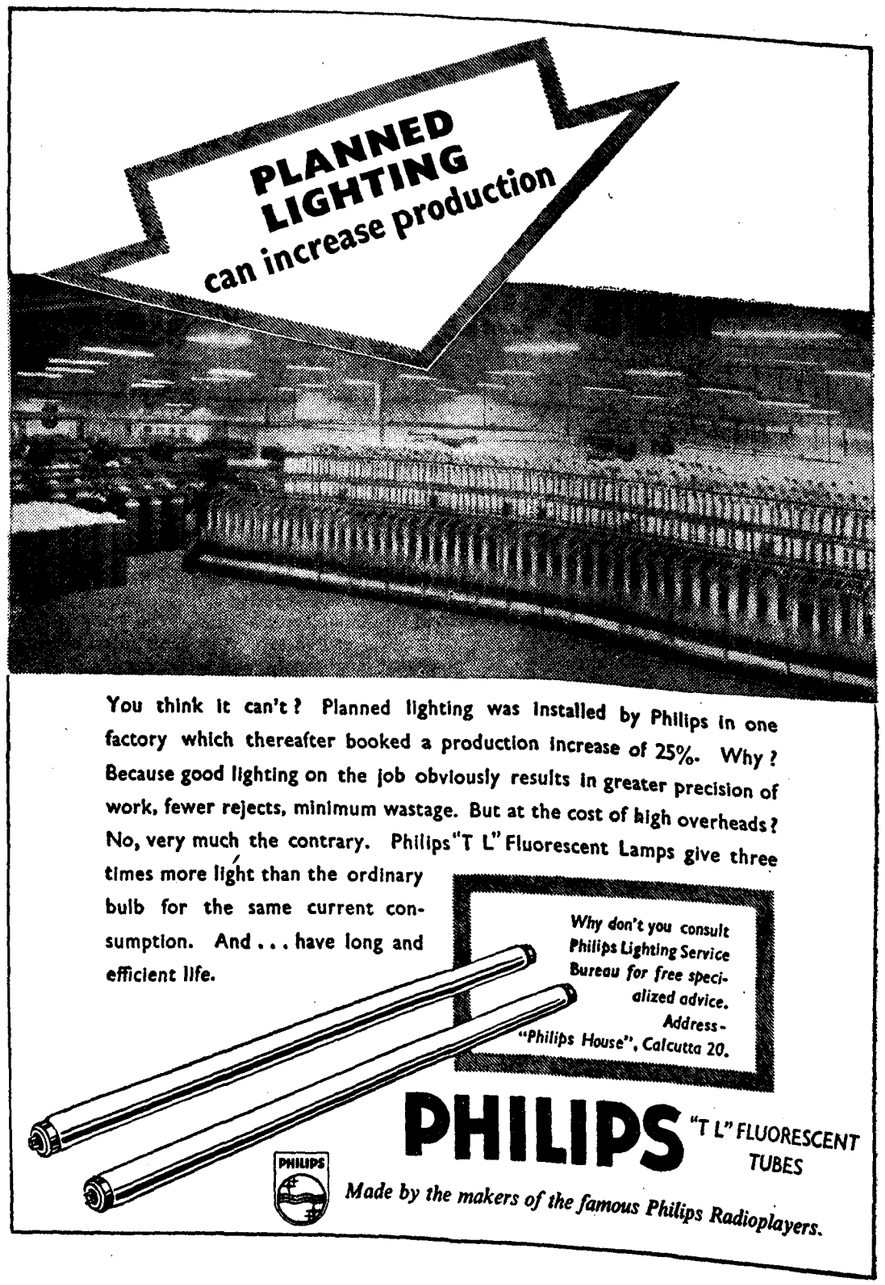
The Prime Minister of Ceylon, Sir John Kotelawala, will open the plenary session of the 10th meeting of the Economic Commission for Asia and the Far East on February 8 at Kandy. The session of the E.C.A.F.E. which will comprise a series of three meetings, will begin earlier on January 20. Over 200 delegates and some others as observers will participate in this conference.

* * * * * * *

The Government of Canada have, at the request of the Government of India, agreed to give to India 120 steam (WP Type) locomotives as Canadian assistance to India under the Colombo Plan. The amount to be charged by the Government of India to the railways for these steam locomotives will be paid into a special Development Fund to be used for other economic development projects.

* * * * * * *

World crude oil production rose last year by over 30 million tons—about the same increase as in 1952—to a record of 654 million metric tons. Main production increases were in the Middle East (about 16 million tons), the U.S.A. (8 million tons), Canada (3 million tons), and U.S.S.R. and Rumania (5½ million tons). A widespread search for new oil supplies is taking place and in all major oil producing centres productive capacity is higher than the present level of output.



A Window On The World

A RURAL INDIAN IDYLL

By

ODYSSEUS

TWO RECURRENT THEMES stressed in this column are:

(1) India is a democracy in name but the practice of democracy is little understood outside the narrow circle of the educated classes. In this lies the opportunity, (a) of those who would like to perpetuate a bureaucratic despotism, and (b) of those who are working to promote Communism, and

(2) the biggest impediment to co-operation for national prosperity (a) between employers and workers, and (b) between what with rough approximation may be called the ruling classes (educated people in positions of greater or lesser power ranging from District Officers to local constables), is that lawgivers, administrators, economists, and social workers, are all drawn from the middle classes whose outlook on, and experience of, life differs from those of the industrial and rural masses as chalk from cheese. The broad result of this abyss between educated rulers and inarticulate masses is that misunderstandings and injustice arise which create antagonism to the rulers and to the democratic regime with which they are identified.

These two themes are apt to be unpopular with some people because they disturb the complacent view that independence has automatically turned India into an idyllic garden of poetic justice. Yet there is plenty of evidence to support my submissions if you are ready to look for it in the right places. What is more it is only by public ventilation of abuses that we may gradually realise our ideals. This week I am going to initiate a little more ventilation of some abuses brought to public attention by a disinterested authority who has no axe to grind and no reason to invent or to exaggerate.

Some weeks ago, I saw a brief report in that admirable newspaper, the "Mail" of Madras, of a lecture entitled "The Government and the Village" given at Mysore University by an American anthropologist, Mr. Allen Beales. The few lines quoted seemed so full of first-hand observation by someone who had not read up the subject in books but had spent patient days away from offices living among villagers, that I made it my business to secure the complete text. This is a document that every Home Ministry, every District Officer, every person in a position of power, and every sincere democrat in India should study. Here is a summary:

Mr. Beales distinguishes two representative types of villages: Kadduhalli, an isolated forest village, barely touched by official development plans, and Hattarahalli, a plains village near a town, which has experienced the full blast of development and of cultural changes caused by the impact of administration and "progress".

WHY VILLAGERS ARE ANTI-GOVERNMENT

Mr. Beales found the relations between the people of Kadduhalli and the government "strained and hostile beyond belief," and he supports his assertion by citing (a) his own personal observations recorded on the spot and (b) the villagers' evidence in their own words:

January 20, 1953: Today a bamboo weaver was caught removing bamboo by a guard. The guard demanded a Rs. 15 bribe. The weaver said he had no money; the guard threatened to hit him. "Seeing that the guard was about to hit me," the weaver told Mr. Beales, "a man named Shiva asked him not to hit me. The guard got mad with Shiva. He accused him of breaking forest regulations. Finally, the guard took Rs. 10 from me.... He ordered the watchman to remove all wooden articles from Shiva's house. The guard said: 'I'm going to burn all these things'. Shiva asked him not to, and promised to give him as much money as he asked for. The guard agreed to take Rs. 50 after threatening to prosecute Shiva in court. No villager should talk when the forest officer is punishing people."

January 23, 1953: Basava and two others were spreading grain for threshing. I watched their work and Basava talked of his troubles: "We want four bamboo sticks about 1½ inches thick. If we're caught taking them, we'll be fined Rs. 5. To build a small house I must pay in advance the amount asked by the foresters. Yesterday they came here and took one kolaga of ragi from each house (this is enough grain to feed a man for a week) together with beans and ghee. If we don't give it, they go into our houses, remove our fire-wood and put up a case against us. We can't read. We don't know how to cope with them. We don't know the government regulations. If the whole village gets together to oppose them, they make a case saying that the people assaulted them.... We must give 8 annas for each animal grazing in the forest. If we pay one or two rupees to the forester, he allows them to graze.... Once a year we must take licenses for our cattle, paying the full amount. The ranger takes an anna extra for each animal.

"Once a year, the forest produce is auctioned. We are not supposed to take anything without the written permission of those to whom the forest is auctioned. Usually only business men buy produce from the auctions. We must use our own trees. Even honey is auctioned but we have the right to use the small combs."

January 24, 1953: Statement by Rajappa: "We are afraid of government officers because they have done more harm than good in our village. Therefore, we will never say anything against government.... By chance if government does any good, we will accept it as God-send."

February 2, 1953: Statement by Krishnappa: "At harvest time we give the accountant one kolaga of ragi, the forest guard one kolaga, and the village menial four headloads. My land taxes are Rs. 11 for five acres and Rs. 1-8 for three tamarind trees. If we don't bribe them, they report that we have broken some rule. Today the accountant and headman asked us not to tell you anything.... Eight days before your visit, the revenue inspector took Rs. 70. That was the old inspector. Now the elders have agreed to give Rs. 35 to the new man who wanted Rs. 50."

A CHARMING VILLAGE CHARACTER

February 3, 1953: Statement by Motappa: "The teacher's son is on the taluk food committee. He made my brother spend Rs. 70 for a license. When my brother realised that the teacher's son could not get him a license, he approached an educated farmer of Berehalli who sent my brother's application to the proper officer and got the license without any cost.

"Two years ago, this teacher's son asked all the people of our village to get loans from the government. He asked us to pay Rs. 7-8 each. He collected from all the villages around probably more than Rs. 300, but he did nothing.

"We pay Rs. 16 to the Shambog whenever we want a tarmarind in the reserved forest listed under our names. The accountant takes a yearly tax from us on such trees and we take the fruits. Usually this teacher's son will take all the tamarind trees in the reserved forest at auction every year. He orders us not to touch any trees he has taken in auction. Though we have bought a particular tree from government and are paying the tax on it, he will say we own some other small young tree elsewhere. He asks us to pay Rs. 50, otherwise he will take our harvests. If we oppose him, he fetches the revenue inspector, tells something against us, and makes us pay a bribe. We don't know who made him a member of the food committee. He is one more Yama (god of death) to us besides the forest people, the revenue people, the headmen, the accountant, the police, and the vaccinator, to all of whom we must give bribes whenever they visit our village. In addition, we give them food free of charge."

March 4, 1953: Mr. Beales and his assistant were eyewitnesses of a visit of forest guards and recorded the facts on the spot: "About 15 ragged individuals without uniforms came. One was wearing part of a forester's uniform. The gang had two guns. Two of them went to Thimappa's house and asked for a jackfruit. Thimappa said 'I haven't any'. This irritated the guards and they seized his cattle which were grazing in the field. These cattle, they said, had been grazing illegally in the reserved forest. The guards brought the cattle to the village and threatened to impound them if the villagers did not pay a bribe. As the guards were leaving the village, they caught sight of me and left in considerable haste without the cattle."

That, then, is what goes on in a forest village in democratic India where every citizen's rights are protected by the Constitution. The villagers are poor; many must collect roots from the forest in order to subsist and most cannot afford decent clothes or housing, Mr. Beales reports. They are completely uneducated; they know nothing of their constitutional rights. They are at the mercy of any petty jack-in-office. The village is in what should be a richly productive forest area, yet the forest has been almost completely destroyed by the forest guards (!!), timber merchants, and villagers.

In Mr. Beales' view, what renders village improvement well-nigh impossible is this war between the villagers and minor officials, and the war of extermination which villagers and officials jointly wage against the forests. Mr. Beales urges, first, that the villagers should be given a much greater degree of self-government. If they were allowed control over the minor government officials, corruption could be eliminated. Secondly, he urges that the villagers be given a definite share of the forest products. If they were part-owners of the forest, they would not allow it to be destroyed. There is, he suggests, no reason why an area where sandalwood, teak, bamboo, citrous fruit, mangoes, and jack-fruit grow wild, should be allowed to become a desert.

Next week I will summarise and comment upon Mr. Beales' first-hand observations on Hattarahalli, a representative village near a town.

Meanwhile, I invite you to reflect over what the villagers of Kadduhalli are likely to feel about independence, democracy, and the existing order in India, and above all to ask yourselves with what arguments they are likely to refute Communist suggestions that all their woes will vanish under a Communist regime.

COTTON YARNS

OF ALL DESCRIPTIONS

FOR HANDLOOM, POWERLOOM & HOSIERY FACTORIES

MADURA MILLS COMPANY, LIMITED

Phone: 250 (5 lines) MADURAI Grams: "HARVEY"

MILLS AT

MADURAI, TUTICORIN AND AMBASAMUDRAM

5,00,000 Spindles Counts up to 80s

SPECIALITIES

WARP YARNS, COMBED YARNS, HOSIERY YARNS,

SINGLE & FOLDED YARNS: CONE, CHEESE OR HANKS

Yarns for the Manufacture of

ROPES—HEALDS—CANVAS TAPE

Sewing Thread Yarns & Multi-ply yarns

CORD YARNS FOR TYRE MANUFACTURE

Managers :

A. & F. HARVEY LIMITED

MADURAI

Phone: 420 (4 lines) S. I. Grams: "HARVEY"

BOOK REVIEWS

THE ASCENT OF EVEREST

The Ascent of Everest: By Sir John Hunt; Chapter 16 By Sir Edmund Hillary: Hodder and Stoughton, London: Price 25sh. net.

The writing of this book, like the climbing of Everest, seems to have been a race against time. Sir John Hunt says in his first piece in this book that "the demand to tell the story quickly has been urgent and it was written within a month." For a rush job this surely must be one of the most remarkably finished books that has ever come forth. It is well conceived and well written; its small drawings are a delight, while the coloured photographs are unforgettable. The contents of the book are best described in Sir John Hunt's own words which are reproduced on the fly leaf of the dust cover.

"This is the story of how, on 29th May, 1953, two men, both endowed with outstanding stamina and skill, inspired by an unflinching resolve, reached the top of Everest and came back unscathed to rejoin their comrades.

"Yet this will not be the whole story, for the ascent of Everest was not the work of one day, nor even of those few anxious unforgettable weeks in which we prepared and climbed this summer. It is, in fact, a tale of sustained and tenacious endeavour by many, over a long period of time....We of the 1953 Everest Expedition are proud to share the glory with our predecessors.

"And this will not be the story of those two men alone. In this or any other mountain venture, sound and successful climbing is fundamentally a matter of teamwork....The ascent of Everest, perhaps more than most human ventures, demanded a very high degree of selfless co-operation. It would be difficult to find a more close-knit team than ours. In this and in the work of our Sherpas lies the immediate secret of our success."

No description of this book in a review is possible. One must go to the original for all the fascinating details in the initial planning, in the solution of the problem of the "closed-circuit" oxygen apparatus and all the many details which made the supreme triumph of the ascent of Everest possible. This is one of the grandest stories of human endeavour and it is greatly told.

THE SIKHS

The Sikhs: Kushwant Singh: George Allen and Unwin, London: 16s. net.

"The chief reason for my writing an account of my people," says the author in the Prefare, "is the melancholy thought that contemporary with my labours are being written the last chapters of the Story of the Sikhs. By the end of the century, the Sikhs themselves will have passed into oblivion". There is curiously little in this book which justifies this attitude of total pessimism in regard to the Sikh community. It has shown down the years, and particularly in the great period of its trial when the Sikh kingdom was broken up, a vitality which has always defeated its gloomy prophets. The influence of Sikh business men both in the Punjab and the Delhi area shows no sign of disappearance and, unless Kushwant Singh is referring only to the lack of Sikh ascendancy in the Congress Party, it is difficult to find in his book any justification for his initial sentence.

This is the first large study of the Sikhs by a Sikh. Kushwant Singh is also (no offence meant!) an exceptional Sikh. He carries the gift of writing well with a fine balance of historical judgment; and his legal training and his term as lecturer in Hindu Law and Jurisprudence of the University of the Punjab from 1942 to 1947 have enabled him to take a judicial view in respect of matters which are very close to his heart and to his mind. This is without question the most interesting and the most objective account of Sikh affairs that has yet been written. It can be deservedly regarded as one of the few outstanding publications on Indian history in the years after Independence.

It has been a happy thought to include in the Appendix to this book a full, and apparently new, translation of many Sikh prayers and poems beginning with "JUPJI—THE MORNING PRAYER" which deserves to be much better known than it is, both in India and abroad. The first lines of the Mool Mantra, or basic belief, which are not in verse are set in lines which make grand poetry of what was originally prose. This is how it reads:

"There is one God.
He is the supreme truth.
He, The Creator,
Is without fear and without hate.
He, The Omnipresent,
Pervades the universe.
He is not born,
Nor does He die to be born again.
By His grace shall thou worship Him.

Before time itself
There was truth.
When time began to run its course,
He was the truth.
Even now, He is the truth,
And
Evermore shall truth prevail."

RUSSIA AND THE FAR EAST

Soviet Policy in the Far East 1944-1951: Max Beloff: Oxford University Press: Price 21s. net.

Mr. Beloff is an acknowledged authority on his subject, being Reader in the Comparative Study of Institutions in the University of Oxford, and has already written "The Foreign Policy of Soviet Russia, 1929-1941". The present book deals with one aspect of Russian foreign policy in the post-war years. The chief value of this study lies in the fact that it is well documented, especially from Soviet sources, though it also includes American and English sources, and is a factual account of the events which have taken place in the Far East between 1944 and 1951. One could have wished that the author had given his own interpretation of some of the major events and tendencies which have been at work in this area, as a purely factual account runs the risk of being at times rather dry. Though Mr. Beloff (at least in Marxist eyes!) looks at events through Western aids to vision, he will be credited with being as objective as possible in presenting the case from both the Russian as well as the American points of view.

The major portion of the book is devoted to the events in China after 1945. The author lays stress on the fact that Soviet policy at the end of the war was based on the assumption that the Communists in China would not be strong enough to overcome the Chiang Kai-shek regime for some considerable time and that the best they could hope for was to form a coalition with the Kuomintang. Hence, Stalin's earlier efforts

were directed towards maintaining good relations with Chiang. Nevertheless because of the presence of the Red Army in Manchuria, the Communists were able to secure most of the supplies and weapons which had been captured from the Japanese, and in addition were able to secure important strategic points due to the connivance of the Red Army when it finally withdrew. If the author's interpretation is correct, the final rapid victory of the Communists in 1949 came as a surprise to the Russians. Mr. Beloff's conclusion is that although Chinese policy cannot be completely independent of Soviet policy, China certainly does not appear to be a mere satellite, but is more likely to be a junior partner.

The chapter on Japan begins the story from the Soviet Union's denunciation of the neutrality pact of 1941 with Japan, deals with the various steps leading to the Soviet entry into the Japanese War, the final surrender of Japan and the subsequent relations of the Allied Powers as shown in the working of the Occupation authorities between 1945 and 1951. The activities of the Japanese Communist Party are dealt with at some length and the difference in the Soviet and American approach to the general problem of Japan is emphasized. The chapter concludes with the negotiations for the Japanese Peace Treaty and the San Francisco Conference at which it was signed.

There is a very useful chapter on Korea. The author gives a detailed account of how the original division of Korea at the 38th Parallel came about, of the subsequent events which took place in both North and South Korea, and finally of the origins of the Korean War. Mr. Beloff, however, takes it for granted that the war started with the invasion of South Korea by the North Koreans and does not examine the evidence on which that assumption is based. Since this question has never been satisfactorily cleared up so far and since there is considerable evidence for holding that it was the South Koreans who probably began the war, as is shown in I. F. Stone's "The Hidden History of the War in Korea", it would have been interesting to see the results of Mr. Beloff's research on this point. The value of any study on Korea would be considerably enhanced for the student of history by the data which it contains on this important question.

Finally, there is a chapter on "Soviet Policy in South-East Asia", by J. Frankel which deals with Indonesia, Viet-Nam, Malaya, Burma, Thailand and the Philippines. The account is somewhat brief, but covers the main happenings and Soviet policy in relation to these countries. The Appendix contains the full texts of the Treaties and Agreements between the U.S.S.R. and China in 1950, the U.S.S.R. and the Mongolian People's Republic in 1946, and the U.S.S.R. and the Korean People's Republic in 1949.

THE BRITISH COUNCIL

Report of the British Council, 1952-53: 2s. 6d. Available from the British Council, Indra Palace Lodge, Block H, Connaught Place, New Delhi.

By a Royal Charter, the British Council was founded in 1940 with the express purpose of "..promoting a wider knowledge of our United Kingdom.....the English language abroad and developing closer cultural relations..." Since its inception, the British Council has spread its activities in all corners of the globe. Its growth has been continuous except for an abrupt closure in Iran and a reluctant departure from the People's Republic of China. The report for 1952-53 shows the wide scope of the Council's activities.

It brought, for example, 394 distinguished research scholars, university teachers and officers, and post-graduate students to the United Kingdom by means of scholarships, and bursaries for short periods of study or training. And many (the figure is not mentioned) British scholars and professors were enabled by Council grants to go abroad. From India a Professor of Bacteriology and some mining engineers went to the United Kingdom.

There is a powerful slant on purely cultural pursuits. Thus the British Council sponsored the famous Boyd Neel Orchestra for a tour of Canadian and Australian cities, and enabled the Halle Orchestra to go to Vienna; the Sadler's Wells Ballet on a much welcomed trip to Portugal, Germany, Poland, Canada and the United States. The Council also sponsored an exhibition of English Printing from Hazarth to Turner at the Hamburg Kunsthalle and a collection of the works of the British sculptor Henry Moore at the Musee National d'Art moderne in Paris; to India the British Council sent the British Universities Debating Team, and organised a Town Planning Exhibition.

The record is one of which the British Council can be proud. Of course, its achievements have only been possible because of total grants from the U.K. Exchequer which amounted in 1952-53 to £2,862,035.

INTERNATIONAL ECONOMIC PAPERS

International Economic Papers No. 3: MacMillan and Company, Limited, New York and London: 15sh. net.

Volume 3 of International Economic Papers consists of a series of translations, for the International Economic Association, in the main of old papers and is not a new collection of research documents. The volume has been prepared with the help of a grant of U.N.E.S.C.O. and it would appear that this means of financing unprofitable publications is capable of greater development.

The selection of papers in the present work is designed to foster theoretical research in terms of some concepts which have not hitherto received the attention they have deserved. For example, there is a paper "On the Concepts and Methods of the Stockholm School" of whom incidentally Dag Hammerskjold, the present Secretary-General of the United Nations, is a member. This paper, however, is devoted particularly to a study of Gunnar Myrdal's "Monetary Equilibrium", a book which has appeared in the English language and is, therefore, to that extent, more widely known than other publications of this school. There are also studies of business cycles with papers by Knut Wicksell and Arthur Spiethoff. There is a series of papers "On the Economic Principle" by Benedetto Croce, and Vilfredo Pareto. There is an interesting paper by Alfredo Navarrete Jr. and Ifigenia M. De Navarrete on "Underemployment in " Underdeveloped Economies". But the most searching paper from the point of view of current research is the last paper by Hans Peter on "A Comparison of Marxian and Keynesian Dynamics". This is a brief affair being a matter of fifteen pages. But it is full of brilliant suggestions and for the advanced mathematician, who can deal happily with matrices and differential equations, there is probably a rich mine to be explored. It would appear that the conditions of stability of the economic system and the rate of growth can be formulated on the assumption of both Keynes and Marx. Of these, it is the translation of Marxist theoretical assumptions into mathematics which needs greater attention. It would be interesting to see how the Marxian theoretical models compare with facts.

A DELHI DIARY

THE Indian National Commission for UNESCO was inaugurated on Saturday, January 9, with an appropriate fanfare of trumpets. The setting was derived not a little from that of the Gandhian Seminar which was such a dashing (publicity?) success that it could justifiably serve as a model which the Ministry of Education could copy. Thus the Central Hall of Parliament was duly chosen; invitations were issued (if I might use a Press metaphor!) with the same wide range of coverage; the attendance was as good as on the occasion of the Gandhian Seminar. Maulana Abul Kalam Azad, Minister of Education and President of the Indian National Commission for UNESCO, was unhappily absent because of the accident he has sustained which will keep him in bed for six weeks. But his able speech was read by Humayun Kabir which gave it the additional advantage of being delivered in English instead of its (original?) Urdu which would not have been understood by half those present. The Prime Minister delivered a provocative inaugural address, though a little too reminiscent of the theme of his speech at the opening of the Colombo Plan Conference last year. The total effect should have been something as impressive as that of the inaugural meeting of the Gandhian Seminar. It was not. Why?

I have been asking myself since last Saturday why this inauguration of the Indian National Commission for UNESCO which enjoyed all the trappings of the Gandhian Seminar has fallen so far behind in public interest. The answer is not in the absence of celebrities. Dr. Luther Evans, Director-General of UNESCO, was here; so was Sir Ronald Adam, Chairman of the Executive Board; so again was Julian Huxley, the first Director-General of UNESCO and a great figure on his own account. On the dais, there was also the President of the U.N. General Assembly who conferred an honour on this meeting which the Gandhian Seminar was without. There was interest enough in all the speeches, fraternal and otherwise. But somehow the spell of interest was not the same.

I hazard an opinion. The Indian National Commission in the public mind is a branch of a foreign business which has been established here. It is a fine business; there were appropriate tributes paid to it from all quarters. But it is essentially a business conceived in foreign terms with only an Indian replica. It was the other way round with the Gandhian Seminar. There it was the foreign countries which had come seeking an Indian replica. Apart from this change in that in one case we were importing and in the other exporting, there was a tremendous difference in the commodity which was being traded. Everyone in India knows Gandhiji; there are (unhappily!) so few people in India who know about the activities of UNESCO. This is an additional argument for a National Commission; but it does not make the task of the inaugural session any easier by comparison!

I should not be taken to imply any criticism of the Ministry of Education. On the contrary, the arrangements made must have involved a tremendous amount of correspondence and organization in the widest sense. All this has been done with great efficiency. Of course, even the most minute organization cannot prevent the proverbial hitch. Dr. Luther Evans and Sir Ronald Adam were held up by a fog of Jaipur and arrived for the meeting (after the maddest of rushes!) five minutes late. "Little did I think," said Sir Ronald, "that I would leave London in bright sunshine and arrive in Delhi in the midst of a fog!" Short of controlling the weather, the Ministry of Education, under the direction of Humayun Kabir, has done everything that is possible to sell the Indian National Commission at once.

BHUTAN IN THE NEWS

The Maharaja and Maharani of Bhutan have conquered the headlines on every day since Tuesday this week. The Maharaja and the Maharani arrived by an I.A.F. Dakota at Palam where they were warmly received by the Prime Minister, Mrs. Pandit, some Ministers of the Central Government and three Service Chiefs and officials of the External Affairs Ministry and the President's Military Secretary. There was also a fifteen gun salute (which is seldom heard nowadays!) and an imposing guard of honour provided by the three Services. On the next day the President called on the Maharaja (thereby reviving the picturesque exchange of visits of Princely India). There was also a State Banquet with mutually appreciative speeches. Finally, on Thursday there was a ceremonial parade of a thousand picked soldiers. It is legitimate to draw the conclusion from all that has happened that the Maharaja of Bhutan has acquired a special place in the counsels of the Government of India.

People have been asking why this sudden appreciation of Royalty has descended on Republican India. The answer seems to be that the Maharaja of Bhutan has occupied a place which is (happily!) different from the Indian Princes who accepted paramountcy in unalloyed form, and have (therefore!) been duly relegated to relative obscurity in the Age of the People. In Bhutan the Maharaja is still the government, and there is justification enough for according to him the trappings it has been so readily dispensed with in respect of rulers who have already lost power to their people. This is certainly an anachronism in the new India, but it is important to recognise a difference based on fact and not on philosophy. There is no conflict in India's approach. We (as in the recognition of Communist China!) are realists where power is concerned. We do not like the Communist philosophy nor do we like the philosophy of Absolute Kings. But we recognise them when we find them and accord to them the honour which their existing power requires. I think we are right; we do not demand that other people should think exactly as we do; but we consider that if there is a moon in the heavens, it should not be treated as if it were merely green cheese!

INS AND OUTS

Of more interest in New Delhi (amongst our policy-makers!) has been the coldly indifferent statement made yesterday by Lord Swinton, the British Commonwealth Secretary, on American aid to Pakistan. On evidence which now seems very shaky, there were many newspapermen in Delhi who believed that the United Kingdom did not favour the proposed Pakistan-American alliance and that diplomatic channels at least were conveying India's view on these matters rather than those of Pakistan. Lord Swinton's observations would not have attracted the interest they have but for this feeling that the Anglo-American alliance would somehow diverge upon the pact, it being believed that the United Kingdom at least was anxious to prevent American ascendancy in a traditionally British sphere of influence. At the present time I am busy counting India's friends; am I to count the U.K. in or out?

ARGUS.

SPECIAL ARTICLES

CHITTARANJAN'S CENTURY

THE delivery of the hundredth locomotive ex-Chittaranjan provided the Transport Minister recently with the opportunity of announcing the immediate plans of the Railways for the expansion of locomotive-manufacturing capacity within the country. The capacity at Chittaranjan, it is now announced, will be stepped up by 30, so that 150 locomotives per annum can be produced. The latest production targets are as follows:

1954, 70;

1955, 90.

As a short-term measure, it is intended to raise production, as soon as possible, to 150 locomotives per annum, on the basis of reasoning which is more or less as follows.

As a result of implementing the Five-Year Plan for replacement, the Indian Railways now expect to be left in 1956, with about 1,500 engines will be overaged. This problem of overage is to be tackled, therefore, by means of a programme which aims at spending Rs. 100 crores in the next ten years. It is anticipated that very soon, if not in 1956, we may have about 7,800 locomotives with an average age of twenty years. At this stage, Telco's and Chittaranjan's production is expected to be adequate for normal needs.

With about 8,000 locomotives in service, the rate of depreciation being one-fortieth per annum, the requirements for replacement, if they can be evenly spaced out, will be about 200 locomotives every year—which can be distributed between Telco and Chittaranjan in the ratio of 50 and 150. Towards attaining this target, Telco is to overcome its difficulties in attaining the stipulated minimum rate of monthly rate of production; and Chittaranjan will pay special attention to the establishment of a foundry intended to produce 5,000 tons of heavy and intricate loco castings.

The Railway Board is obviously of the view that with an internal production of 200 B.G. and M.G. locomotives per annum, self-sufficiency will be either attained, or will not be very far off. It is doubtful, however, whether this target of 200 per annum can be regarded at this stage as anything other than a tentative short-term target. The Minister himself indicated at the ceremony that he will be glad to see Chittaranjan's capacity even further. In what follows, some of the pros and cons regarding this increase in capacity will be examined.

The somewhat cautious planning of the Railway Board is apparently due to a number of reasons. In recent years, standardisation has proceeded very far in the designing of engines. About 500 different classes of locomotives were in use in 1925. The reduction in this number has not been as rapid as it might have been. Three hundred and seventyseven types were in use in 1952. The standardised post-war types will, however, soon be so numerous that this number may well be reduced to about 50. Even so, it must be recognised that obsolescence will have to be provided for; it is doubtful whether it is wise policy to go in for extension of capacity very rapidly, when the future is technologically uncertain.

Chittaranjan's production is not diversified, and this is another limitation. Diesel locomotives have to be used even at the present time, in areas where water is unsuitable. Moreover, the abandonment since about 1930 of the import of high grade coals, and the reduction in the power/weight ratio of Indian locomotives consequent on the use of indigenous coals, have led to some difficulties which cannot be ignored in the long-term. Thus the Railways are naturally interested in using the best grades of coal possible, within the limits of what is now available within the country. Others have, however, argued the case for conservation, or the claims of inferior coals. Beyond a point, the problem of obtaining thermal efficiency and, therefore, power, to the extent needed, consistently with the use and conservation of Indian coals, may be insoluble.

It is possible that electrification will become in these circumstances more desirable as an alternative to steam locomotives. Both the projected electrification of the Howrah-Moghulserai section and the Railway Board's evident desire to link up the manufacture of electrical multiple-unit stock with the proposal to set up a heavy electrical plant are significant in this context. The normal demand for steam locomotives cannot be determined while these plans have not taken shape.

These considerations have obviously influenced the plans of the Railway Board. They cannot, it is true, be entirely ignored. Nevertheless, in a developing economy, in which transport so far has proved to be more often than not inadequate, it will be quite unwise to be afraid of the future and to be timid, rather than ambitious in building and planning. Export possibilities, as the Minister indicated, are always there. But even independently of them, our needs are bound to grow. Obsolescence and the possible growth of electrical traction are not more important than the growth of traffic and the needs for development. In the immediate future, the facts which are or should be relevant are firstly, that the Railways are expanding, and secondly, that the cost of manufacture at Chittaranjan should be reduced.

Chittaranjan costs include fairly heavy overheads. This inevitably follows from the fact that about one-half of the capital costs has been incurred on account of the township and staff amenities. Accurate costing has apparently been impossible so far, and it has seemed to be equitable to charge to the Railways the imported average costs for locomotives, plus overheads (which have to be determined ad hoc). It is obvious, therefore, that as production increases and as these overhead costs diminish, Chittaranjan's cost of production will go down. It is desirable to secure this result; and this is not unimportant, as a visiting Japanese team has advised that production at Chittaranjan can easily be doubled with the existing facilities.

This is one reason for increasing capacity. The Railways' needs, however, are also constantly expanding. It has been calculated that a two per cent increase in traffic levels every year will mean the addition of about 160 locomotives per annum. Over a period of years, this will mean a substantial addition to the engine stock; and additions at this rate are bound to leave present ideas of the normal level of equipment far behind. As line capacity expands, and more wagons are acquired, the need for locomotives will increase rapidly—if transport is not to be a bottleneck.

The projected internal production of about 200 locomotives on the ground that this will be adequate to meet the country's 'normal' requirements cannot, for these reasons, be regarded as anything more than a tentative target. For reasons which have been stated earlier, the optimum capacity cannot at the moment be established. But on the whole, our needs are likely to grow, in spite of all that can be said against extending too greatly the production of standardised steam engines.

Whether 'normal' state will ever arrive—deliveries being irregular and financial resources being difficult to obtain—may, moreover, be doubted. Even if such a number of locomotives can be added that the average age is brought down to twenty years, this will only mean, however, that replacement will be concentrated later on within a period of a few years—reflecting the heavy additions of new locomotives at present. In other words, 'normalcy' seems to be a mirage.

There is in short need for a definite bias, for a long time to come, in favour of increasing internal production. The progress that has been achieved so far at Chittaranjan has been remarkable. But now that a production performance of six locomotives per month has been established, the Railways should tackle the problem of extending capacity and reducing costs. Periodically, say, once in three years, our needs must be reviewed with a view to extending indigenous capacity till optimum size has been attained. Diversification, in the sense of the production of both B.G. and the other types, will at the same time be necessary; and accurate costing must be established, so that costs can, in due course, be brought down to the lowest possible levels. Chittaranjan can produce locomotives cheaply as well as efficiently. It must be expanded, therefore, to the extent which is proved to be necessary and needed, which means it must have very much more than the capacity contemplated at present.

INDIA'S FOREIGN TRADE: CHANGES IN DIRECTIONS

AN assessment of India's foreign trade in relation to the changing trends in its direction as well as composition seems appropriate at this stage. Speculation is rife for a few weeks now about the probabilities of a business recession in the United States in the current year and its likely repercussions on the rest of the free world which has developed very intimate trade ties with her. It would be useful to attempt a probe in the probable developments in the trade of this country with the rest of the world.

India's total trade surplus in the two pre-war years ranged between $45 million and $50 million. In the post-war period there was a complete reversal of this State and the total deficit rose steeply in the neighbourhood of $660 million in the two immediate post-partition years. This was the direct consequence of the partition of the sub-continent which upset the equilibrium in the economy. India not only ceased to be an exporter of primary products but became a net importer of large quantities of food grains, the two staple industrial raw materials—raw jute and raw cotton—and had no commensurate exports to pay for this spectacular increase in imports. The marginal trade surplus in 1950 of $35 million was the result of an austere import restriction policy and an energetic drive for exports adopted with the avowed object of correcting the payments position. Its size and duration give it no more than passing importance. During 1951 and 1952 food and fibre imports, which were made imperative by natural calamities, swelled the size of the trade deficit. But imports on account of developmental requirements were also an element responsible for this deficit. A comparative picture of the pre-war and post-partition external trade of India is given in Table B on the next page.

A deficit of a moderate magnitude has come to be accepted as a corollary to the policy of planned development of the country's economy. This factor, however, does not explain its aggregate value. But a part of the deficit calls for elimination in the long range perspective of the balance of payments settlement. The emphasis in achieving this result must primarily be on increasing the volume of exports. After the partition the composition of India's exports underwent a marked change. The position of the percentage share of the traditional staple exports in the total exports is indicated below:

TABLE A

Percentage Shares of India's Total Exports

Cotton and cotton manufactures ..	20	27
Jute and jute manufactures	24	20
Tea	14	14
Hides and skins	5	5
Pepper		3
TOTAL	63	69

India's status as a major exporter of cotton textiles has come to stay, but since 1952 the problem posed is the growing impact of Japanese competition in the South Asian and Middle East and African markets where medium and coarse varieties have a sustained demand. The share of jute—the exports computed in terms of value—has been kept at 20 per cent in 1950 due to price inflation. Agricultural and industrial development which is under way everywhere is bound to increase the demand for jute manufactures for packing requirements. But large availability of Pakistani jute to manufacturers in Europe has slowed down the progress of Indian jute manufactures in volume. Tea and hides and skins have proved to be stable sources of export. Restrictions on the intake of the U.K., the principal world consumer of tea, till October 1952 would certainly have depressed exports from India, but the absence of Indonesia from the market averted this result. Now with the return of freedom for tea in that country the larger volume of imports should assist maintenance of a high level of shipments from this country. Pepper entered into the composition of this country's exports as an important commodity on account of non-availability of supplies from Indonesia. Oilseeds, oils and fats, which were among the principal foreign exchange earners before the war have suffered a decline both because of a fall in output and higher internal demand for domestic and industrial consumption. The emphasis in exports in the post-partition years is shifting towards processed and manufactured goods. Tanned leather, footwear, oils, tobacco and a number of products of the engineering industries illustrate the importance of this shift.

Regional analysis of trade trends would help assessment of the developments in the direction of trade in the near future. The sudden emergence of the dollar area as a vital partner in India's post-war foreign trade is explained primarily by a few factors. The slow recovery of European countries and the absence of Japan from the export markets changed their direction to North America and in particular to the United States in 1948 and 1949. This factor now constitutes a less weighty reason. The high level of imports from North America in 1951 and 1952 of the order of $472 million and $635 million was largely necessitated by urgent requirements of food grains and raw cotton. With the difficulties of dollar exchange increasing again, trade equilibrium will have to be achieved by diverting the sources of imports to other areas, nevertheless exports to that country will have to be sustained and pushed up if possible. Burlap, manganese ore, tea and mica are the main items which will demand concentrated attention in this country's exports. But by and large, it will be difficult to maintain the level of present trade and a small dimunition in its volume seems inevitable.

North-Western Europe, which includes U.K. as the vital partner in India's trade, has developed a surplus with this country in recent years. The total volume of trade with this area has been smaller than the pre-war

only because of its preoccupation with repairing the ravages of war. India's deficit here in contrast with the pre-war surplus arises from her inability to export primary products. The bilateral trade agreements which have been concluded by her with several of the European countries have been helpful in bringing a flow of machinery and industrial equipment as well as a range of consumer manufactured goods. Availability of many of the European currencies as soft currencies coupled with the sterling area's membership of the E.P.U. have been solid factors in restoring the trade with the countries of this area. In the immediate context, however, the United Kingdom's action in raising the liberalisation percentage of imports from E.P.U. to the obligatory limit of 75 per cent will necessitate a levelling up of exports from the sterling area. Jute manufactures, manganese ore (for which demand will be up for increased steel production), tea, tobacco (whose imports from the U.S. had to be curtailed for reasons of dollar shortage), cotton waste, and hides and skins will be the principal commodities that should find an increasing market in the Western European countries. The return of Western Germany is now an important factor in augmenting the trade with this area.

India's trade with the U.S.S.R. and Eastern Europe has consistently been only marginal. The chief fillip was given when during the food scarcity period India entered into a barter agreement with the U.S.S.R. to secure wheat supplies. The new bilateral trade agreement between India and that country seeks to develop the size of the normal trade, but it is yet too early to say how far the two-way traffic in capital goods, jute manufactures, tea and other principal commodities included there will expand.

In Oceania, Australia has developed stronger trade relations with this country. Australian wheat, machinery, and dairy products have constituted the major imports of India, and the trade surplus which this country secured in 1951 and 1952 was due to Australia's sizable imports of Indian coal and cotton textiles. The scope for coal exports has now diminished as a result of large domestic output there.

In the Middle East, India has found a continuous and adequate source of mineral oils which have normally built up a trade surplus for this area. Cotton textiles are India's strong point with these countries, along with jute manufactures. But other consumer goods are finding a widening market which will keep the trade at above the present level.

The pre-war trade surplus of South Asia with India has shown a definite trend to rise. The major import has always been rice and its great shortage in this country in the post-war years has served to widen the trade gap. In return, cotton textiles and a new range of goods, chief among which are engineering products, have found an outlet for India's exports. The ability of this country to reduce the volume of rice imports and the practical difficulty of procuring alternative imports appear to indicate a shrinkage in the size of the trade with these countries. The picture is blurred by the scope for Indian cotton textiles in the light of Japan's concentration of her trade in this area. Japan, however, will continue to be our adjacent source primarily of industrial equipment and consumer requirements; and is not likely to affect India's cotton exports except in respect of superfines.

TABLE B

INDIA'S FOREIGN TRADE

(Value in Million U.S. Dollars)

Country or Area	1937	1938	1948	1949	1950	1951	1952
North America	52.7	39.8	357.7	322.6	234.6	472.3	634.8
	(80.2)	(60.9)	(243.5)	(225.6)	(247.2)	(343.7)	(290.3)
Central America and Antilles ..	..	..	1.9	..	0.3	0.6	5.6
	(3.7)	(3.3)	(19.3)	(16.1)	(21.1)	(31.8)	(26.2)
South America	2	..	47.7	55.4	6.2	9.2	2.1
	(15.2)	(14.6)	(78.0)	(45.8)	(32.6)	(64.7)	(32.9)
North-Western Europe ..	301.9	262.1	580.5	626.6	340.6	471.9	472.8
	(342.2)	(306.7)	(398.2)	(438.4)	(359.0)	(546.2)	(361.2)
Southern Europe	11.0	10.6	57.6	49.9	20.3	47.8	25.5
	(26.7)	(14.2)	(29.0)	(26.5)	(22.4)	(44.9)	(37.0)
East Europe and U.S.S.R. ..	12.2	8.8	21.3	42.4	11.8	15.6	10.9
	(10.0)	(10.1)	(25.6)	(22.3)	(5.9)	(19.8)	(7.8)
Oceania	7.2	9.5	33.7	70.2	94.7	42.4	34.7
	(13.8)	(12.7)	(71.8)	(82.1)	(67.7)	(115.1)	(57.8)
Africa	23.1	23.0	47.8	60.9	58.6	60.5	63.2
	(21.0)	(17.5)	(44.2)	(48.6)	(46.2)	(67.0)	(65.0)
Middle East	35.6	32.3	204.9	253.6	175.7	240.7	134.5
	(25.2)	(23.4)	(65.5)	(87.3)	(87.4)	(87.7)	(90.0)
Rest of Asia	215.2	179.9	486.4	437.6	193.9	452.6	282.8
	(165.9)	(152.9)	(386.7)	(260.0)	(282.0)	(324.3)	(343.4)
Miscellaneous	..	..	139.6	5.9	..	..	..
	..	..	(8.7)	(12.7)	..	..	..
Grand Total	659.6	566.5	2,029.7	1,925.5	1,137.0	1,814.2	1,667.3
	(704.7)	(616.7)	(1,371.0)	(1,265.7)	(1,171.9)	(1,645.8)	(1,312.0)
Total Surplus (+) or Deficit (—)	+45.1	+52.2	—658.7	—659.7	+34.9	—168.4	—355.3

Note: Imports = Figures without Brackets.

Exports = Figures within Brackets.

THE BUSINESS WORLD

STERLING'S RESERVES

The discussions at Sydney during the last few days have served, perhaps, one unintended purpose. They have apparently highlighted the emerging differences of opinion between Britain on the one hand and the Asian countries whose spokesman on this occasion was Sir Oliver Goonetilleke from Ceylon. At the end of December 1953, the sterling area's gold and dollar reserves stood at $2,518 millions. While there is still talk of an American depression, it is natural for the Asian countries to worry about its possible repercussions on the undeveloped economies. Countries which are wedded to sound money, convertibility, internal balance, and (under the influence of American suggestions and traditions) non-discrimination are bound to approach some problems differently from countries which regard the maintenance of investment expenditures, in order to fulfil their plan targets as of overriding importance. Differences of opinion are in particular likely to persist on the following matters:

(i) in the event that the American recession develops into a depression, are the reserves of the sterling area to be used in order to finance purchases from the United States, in spite of an adverse balance of payments position, such purchases being intended as a prop to the United States economy, so that a depression may, if necessary, be incipiently arrested? The United Kingdom may regard this use of the reserves as legitimate from a wider point of view. In practice, the difficulties which have been experienced regarding the use of discrimination against the United States (difficulties arising from the Scarce Currency Clause or Article XVII of the Final Act of the I.M.F. and Article IX of the Anglo-American Financial Agreement) may make it impossible to insulate the non-dollar trading area from the results which will follow immediately from a failure of the United States' demand.

On the other hand, the developed areas have an interest in the use of the reserves to fight an American depression; but they may regard the conservation of these reserves for the purposes of financing development as even more important,

(ii) in passing individual schemes for economic development in the Commonwealth, the criterion which is obviously in use, namely, whether the project will help the balance of payments of the Commonwealth and its progress towards convertibility, is bound to conflict with the need for development. The financing of projects intended to step up rice production in Ceylon is a case in point.

(iii) at a later stage, perhaps, if the Commonwealth intends to move in step with the United States, rather than to accord first priority at all costs to development, differences are bound to develop regarding the extent of the deflation which may be permitted within countries which are wedded to the maintenance of high levels of government expenditure.

There is no reason at the present time to exaggerate these differences. The discussions at Sydney were informal. No conflict of interests has emerged, because the situation in which this is possible has not arisen and may not arise. But in judging the adequacy of the present level of the central reserves, namely, $2,518 millions (compared with $3,867 millions in mid-1951) these possible pressures and strains must be borne in mind.

This is all the more necessary, because at the moment sterling seems to be vulnerable in many different ways. Commodity-shunting is now more difficult, but danger from the following sources cannot be overlooked:

(i) if a non-European member of the transferable accounts area has an adverse balance of payments with a European member of this area, and finances this deficit by the payment of sterling, the European country to which this sterling accrues will sweep it into the holdings of sterling which will be eligible for compensation within the European Payments Union,

(ii) the increase in the percentage of British private imports from the O.E.E.C. areas from 58 to 75 per cent, this latter being the minimum standard set for countries which are not in serious balance-of-payments difficulties may prove to be a source of strain. The sterling area's cumulative position vis-a-vis the European Payments Union is that surpluses for the greater part of 1953 have reduced the net debt of the area very considerably. Whether latter-day deficits will persist and grow is not clear, but this is a possibility to be considered,

(iii) the Russian sales of gold against sterling, which sterling is used for the purchase of goods for supporting the Russian standard of living, is a development which is favourable to the sterling area, but it may well be temporary.

It is not necessary to exaggerate the importance of these potential strains either. But the steady growth in the reserves ($667 millions in 1953) may induce some degree of complacency which will not be justified.

From the point of view of the undeveloped countries, a programme for the future which is based on the recognition of the need for investment expenditures in the backward areas and on measures to transmit the influence of this investment demand to the dollar or E.P.U. area, as a cure in part for a depression, if necessary, and ultimately on discrimination, to the extent necessary, will be needed in the present circumstances. The alternative of insisting on internal balance may seem to be negative in comparison. This was obviously a point of view which was put forward at Sydney and in so far as it influences the Randall Commission in the United States as also the British Treasury itself it is bound to change the views so far accepted regarding the future of sterling.

THE PUZZLE OF CLOTH STOCKS

By

CROESUS

Probably due to the late harvesting of crops and the beginning of the customary busy season later than usual, the position of cloth stocks in the country during the past two years seems to present a puzzling pattern. Normally, the trend is for stocks to mount up and reach the peak by October and thereafter start declining. November figures generally are lower than the peak figures of October. This was so in 1948, 1949, 1951 and even in 1953. Only in 1952 and also in 1950, November figures were higher than in October; the position, however, was reversed in both these latter years (1950 and 1952), when the November figures were lower than October figures. Except in 1948 and 1951, December-end figures were not higher than in November.

But the trend in the early months of the year except in 1952 was invariably downward. Even in 1953 the downward trend, which began in December, persisted till the end of February and the position after two months improved further still, so that at the end of May the stocks were no more than 190,000 bales, as against 231,000 bales in 1952 and 223,000 bales in 1951. Only in 1950 and in 1948 were stocks at the end of May lower than at the end of May 1953. The trend since November 1953 has continued to be downward and on January 2, 1954, stocks were no more than 327,400 bales as against 424,200 bales on October 24, 1953, the highest stocks for the past five years. It was only at the end of October 1948, when the year's total mill production was 4,433 million yards, that the unsold stocks with mills were higher at 466,000 bales, as the following table will reveal:

CLOTH

(In million yards)

Calendar year	Total production	Imports	Total availability of cloth	Exports	Total quantity available for domestic consumption
1948 ..	4,423	34	4,457	344	4,113
1949 ..	3,806	91	3,897	509	3,388
1950 ..	3,645	7	3,652	1,133	2,519
1951 ..	4,188	9	4,197	780	3,417
1952 ..	4,593	6	4,599	586	4,013
1953 .. (Jan.-June)	2,447	2	2,449	273	2,176

CLOSING STOCK OF CLOTH ON MILLS ACCOUNT

('000 bales)

	1948	1949	1950	1951	1952	1953
January ..	154	331	161	107	228	210
February ..	145	379	152	142	243	198
March ..	111	279	177	170	347	242
April ..	111	278	180	217	303	226
May ..	159	360	181	223	231	190
June ..	181	371	194	265	182	226
July ..	170	333	190	245	167	278
August ..	335	357	150	246	169	332
September ..	410	331	136	273	218	388
October ..	466	308	138	246	248	423
November ..	432	275	164	205	284	351
December ..	448	225	151	214	275	327
Monthly Average	260	319	164	213	241	283

A study of the economics of the cotton mill industry shows that the trend of stocks is closely linked to the production and exports during a given period. Thus, when in 1948 the total production was 4,423 million yards and imports amounted to 34 million yards, while exports aggregated 344 million yards, the total quantity available for domestic consumption was 4,113 million yards, giving a per capita availability of consumption of about 15 yards. In 1949 and 1950 when production declined steadily to 3,806 million yards and 3,645 million yards respectively and exports continued to increase, there was a steady decline in the total quantity available for domestic consumption to 2,519 million yards, which explains the lowest per capita availability in 1950-51 to 9.70 yards. In the following two years, production steadily increased, while exports steadily declined, so that the total quantity available for domestic consumption also increased appreciably, the figure for 1952 being as much as 4,013 million yards. This is still less than the corresponding total for 1948 or for any of the three years 1943, 1944 and 1945. This figure will be raised further for 1953 to over 4,150 million yards, making allowance for the total exports of the year at 703 million yards. This is, of course, in addition to the handloom production which also has increased appreciably during the last few months. In short, the total quantity of cloth that would be available for domestic consumption in 1953-1954 would be about the same as in 1944-45, when the per capita availability of consumption and also offtake was over 15 yards. The question now is whether the per capita consumption will be at least at this level, if not at the pre-war level of nearly 18 yards according to private estimates and 17 yards according to Government estimates. If, in a year, production is high and there are also sizable imports, cloth stocks generally tend to be on the high side, unless there is a corresponding increase in exports and also in internal consumption. Since we have no reliable data for internal consumption, we must go on the basis of "guestimates" which, in the nature of things, are more anybody's guess-work than thoroughly dependable estimates. So, confining ourselves to available data, namely total available for domestic consumption, and comparing these with the stock figures for the corresponding years, we find that, invariably, when the former figure is high, as witness the position of monthly stocks in the years 1948, 1952 and 1953. The early 1954 figures may be gratifying, but we must watch for the trend over some more months.

In any case, it is too early yet to hazard any judgment on the basis of the past few weeks' encouraging progress in the movement of cloth stocks from various centres of production, both deficit and surplus areas. In nearly all the important centres, cloth stocks which had reached peak levels towards the end of October have registered marked declines. Reports from Ahmedabad indicate that everyday 3,500 bales or roughly twice the daily production of the mills in that centre are moving out. India's exports in the first nine days of the new year have been very encouraging, being of the order of 25 million yards. If this state of affairs should continue it is not improbable that there would again be a scarcity of certain categories of cloth and a further increase in cloth prices. Already, some categories of goods are quoting higher than a couple of months ago and this aspect of the matter is being closely watched by the authorities, it would appear.

It is possible, however, that some of the cloth movements upcountry are by way of a hedge against the stoppage of all wagon movements to Uttar Pradesh and other places in that State during the Kumbh Mela period, when there would practically be no goods traffic over that area. It remains to be seen whether this would be compensated by movements in other directions and this is an aspect to which the authorities should give some attention. Fortunately, the movement control in regard to textiles has not been scrapped yet, although at one time there was an attempt to do so and advantage should be taken of this to divert cloth to other parts of India, so that immediately after the Kumbh Mela cloth movements to Uttar Pradesh might be resumed, if need be on a larger scale than heretofore to make up for the interruption in supply.

CLOTHING THE MILLIONS

By

CROESUS

I do not know whether it is to mark the completion of a 100 years or to dispel the ignorance and prejudice about the cotton mill industry in India that the Millowners' Association, Bombay, has lately launched on a sort of an informative propaganda campaign. In either case, it is, I must say, being carried on in a really effective manner and is, therefore, doubly welcome.

In "Clothing India's Millions", the Association sought to reach the lay public and, for this purpose, it employed the graph or picture technique by including a number of photographs of the different processes of the industry and making the publication colourful, if I may say so.

In the second booklet entitled "Facts About the Cotton Mill Industry of India", on the other hand, the Association has concerned itself solely and simply with detailing facts—facts about capital invested in the industry, labour force employed, quantity of cotton consumed, yarn produced for its own consumption and that for feeding the handloom industry, volume of cloth produced, contribution to the exchequer, Central and State and local bodies, etc. Look at it from any angle, be it saving foreign exchange or providing employment, or assuring a lucrative market to the cultivator for his cotton crop or assisting the handloom and powerloom weavers by supplying yarn, you cannot but admit that the industry has made impressive showing over the past 100 years.

"The mills are fleecing us" is a complaint that people often make facilely, but few among them have apparently cared to ascertain "facts". The break-up of the cost structure given in the second booklet that has been brought out by the Association, for instance, makes illuminating and instructive reading. After a study of this and the percentage rise since 1939 in the elements of cost, not to speak of the tax on the raw materials and also on the finished commodity, there will undoubtedly be a better appreciation of the cotton mill industry's position.

How many know, for instance, that taxes on production and consumption of cotton cloth alone account for at least Rs. 40 crores! Or take, again, the incidence of sales tax which has been precisely worked out even to two decimal points. Do not these clearly prove that there are several factors far beyond the control of the industry that shape and influence the final price which the consumer pays?

Another aspect of the cotton mill industry's problem that has not received proper attention is that of the rehabilitation of the industry, many of the units of which have witnessed two wars and their baneful effect on the machinery. Pointed attention has, of course, been drawn to this by the Industrial Finance Corporation in its Second Annual Report and also by the Planning Commission in the Five-Year Plan, but these have to be dished out to us, the most apathetic nation that we are in these matters. And the M.O.A. booklet has done it.

Now that the industry has emerged from a decade of controlled existence, is it in a position boldly to face the era of free markets which may even mean unbridled competition? The M.O.A. booklet has this to say in answer:

"Relief and exhilaration are natural reactions to freedom from duress, but this joy is tempered by the knowledge that the industry faces the future with many unsolved problems. While production has already exceeded the Five-Year Plan target, there has unfortunately been no corresponding increase in the volume of consumption. Reduction of cloth prices, as a means of stimulating a higher rate of consumption, has thus acquired a good deal of importance, and, in this task, rendered extremely difficult by the existence of cost inflation, the industry seeks the co-operation of the Government through a suitable revision of the various levies and imposts which contribute in no small measure to making cloth expensive to the consumer".

The appeal of the publishers is that the public should have a more realistic appreciation of its position and problems than it seems to have. Granted this, the industry has this assurance to offer, namely that "it will play its role even more effectively than before in promoting the country's prosperity". It is for the public and the powers-that-be to decide whether the country requires the cotton mill industry in India to play this role.

IOB

THE INDIAN OVERSEAS BANK LTD., MADRAS

Established 1937.

Subscribed Capital ... Rs. 50,00,000
Paid-up Capital ... ,, 48,98,425
Reserve Fund ... ,, 19,00,000.

Branches in India, Burma, Ceylon, Malaya and Thailand.

FOREIGN CORRESPONDENTS AT ALL IMPORTANT COMMERCIAL CENTRES

For those who trade abroad The Indian Overseas Bank provides an efficient service through its own branches and a world wide system of Agents and Correspondents.

★ SAFETY LOCKERS: For those people who prefer to keep their documents and valuables etc. under their own private control, SAFETY LOCKERS of various dimensions are available at our Calcutta Branch.

1052-4

THE BIRLA COTTON SPG. & WVG. MILLS LTD.,

(P. O. BIRLA LINES)

DELHI.

We manufacture cloth from the highest class of Indian cotton and in a large number of varieties of attractive designs and charming colours. Our cloth is specially suitable for Delhi, Punjab, Rajasthan, U. P. & Bihar markets. Prompt delivery is guaranteed. Our manufactures are of medium counts and consist of Sarees from 5 yds. to 12 yds. in varieties of Borders, Prints, Striped Shirtings, Patta Shirtings, Coatings, Check Shirtings, Dyed Latha of Poplin type, Narma, **Dhoties 6 to 10 yards, etc.. etc.**

FAMOUS

for

Designs and Durability

Managing Agents:

Birla Brothers Limited.

BUSINESS NOTES

CLOTH EXPORTS UP

Provisional estimates of cloth exports as well as production for the year 1953, disclose a reassuring trend. Output is expected to reach a new peak at 5,000 million yards which will surpass the target of production fixed in the Five-Year Plan for 1955-56 by a margin of about 300 million yards. The unbroken upward trend in production had given cause for considerable concern in the third quarter of the last year as accumulations of cloth stocks raised apprehensions of a glut and closure of mills. A continuous process of price reduction could not help liquidation of stocks and finally towards the end of October last the Government announced certain measures of relief including abolition of the export duty on medium varieties which constitute the staple exports. The correctness of this policy was reflected in the quantity of medium cloth passed for shipment in November and December—25 per cent of the total in two months. Exports in December last at 77.6 million yards were the highest in any single month over a period of the last seventeen months. Total exports of the year were 701.3 million yards. The breakdown according to varieties in the last two years would be as follows:

	(Million yards) 1953	1952
Coarse	260.7	168.1
Medium	273.9	138.7
Fine	152.5	264.4
Superfine	14.2	22.6
TOTAL ..	701.3	593.8

While it is a fact that the 1953 quantity of exports is below the target of 1,000 million yards announced at the Buxton conference and later endorsed by the Government, it is also true that exports from Japan and the U.K. are relatively much below their respective targets declared in that conference. It is problematical whether exports of coarse cloth would have been pushed still higher if the export duty on it had been removed. But the satisfactory level of their exports appears to lend justification to the Government's reasoning about the duty not operating as a depressing factor. The loss of preferential import duty enjoyed by Indian cloth in Burma till October last was offset by stimulated demand from other countries including Indonesia, East and West Africa and also Pakistan. The decline in the two superior varieties was probably the result of Japanese competitive supplies. In the immediate future, however, enquiries indicate that the overseas buyer would prefer placing orders in India in view of comparatively late delivery dates from Japan.

TRADE DEFICIT WITH THE U.K.

A deficit in India's trade with the U.K. during 1953, excluding the month of December for which data are obviously not available, has been disclosed by the figures of account released by the U.K. Board of Trade. The amount of the deficit in the first eleven months of 1953 has been estimated by the Board at £3,394,000 which stands in contrast with this country's trade surplus of £1,053,000 during the first eleven months of 1952. The value of India's imports from the U.K. in January-November, 1953, was £104,894,000. The corresponding import and export values during 1952 were £102,911,000 and £103,964,000. There was thus a decline of £2,464,000 in India's exports and an increase of £1,983,000 in imports during January-November, 1953, as compared to the identical period of 1952.

India's imports from the U.K. show a drop in the staple items. For the sake of comparison the figures for the first eleven months of 1952 are indicated in brackets close to the figures for the same period in 1953. Imports of machinery from the U.K. in 1953 were of the order of £30,839,000 (£32,631,000). Vehicles also recorded a fall in value at £14,109,000 (£15,522,00). Other items whose import value shrunk last year included chemicals, drugs, dyes, electrical goods, and so forth. On the export side, the position of this country was held at the level reached by two important groups of commodities. Exports of tea in 1953 amounted to £44,747,000 (£43,573,000). This upward trend in tea was only to be expected following the complete withdrawal of restrictions on the domestic trade and consumption of tea in the U.K. from October 1952. Since the last quarter of 1953 the intake of tea there has been rising and this trend has not been offset by an increase in prices. Leather and leather manufactures registered a substantial increase of about 63 per cent in export value at £13,000,000 (£7,786,000). Oilseeds and oils were on the decline. But the most significant drop in India's exports was shown in jute manufactures.

OUTLOOK FOR OILS

Last week on January 6 the Government announced the decision to liberalise the export policy in regard to linseed, kardi seed, and niger seed as also their oils. The actual form which this liberalisation has taken is to allow the exports of these three varieties of seeds together with their oils freely on shipping bills during the first half of the current year. The immediate reaction to the announcement was to cause a spurt in prices. Soon after the decision became known linseed prices shot up from Rs. 15-8 per quarter to Rs. 16 per quarter, niger seed from Rs. 28-8 to Rs. 29 and kardi-seed from Rs. 24-8 to Rs. 25.

This purely short-period reaction in the seeds market, however, need not be taken as indicating a trend of an improved outlook for the export of oilseeds or their oils. It is an indication of some relief to a dull market. The real issue for consideration is whether a real fillip will be given to exports. On this score the initial enthusiasm is clearly no pointer of a positive trend. Lack of overseas enquiry stressed the need to make the prices of Indian seeds and their oils competitive. One factor which retards their competitive ability is the continuance of the export duty. About seven months back substantial reductions of 75 per cent were granted in the export duties, bringing the duty on linseed oil to Rs. 50 per ton and that on linseed to Rs. 25 per ton. This reduction, however, failed to push up exports because of the wide disparity in Indian and other prices in the overseas market. On the Continent, for instance, linseed oil from India was offered at prices 50 per cent above the offer for American oil. The trade has pressed for further relief in the form of total removal of duty as it is repugnant to the basic principle of trade policy to levy export duty in a competitive market. The so-called liberalisation, permitting free exports on shipping bills, is nominal and it would be too much to look upon it as an incentive to greater export. The price factor is decisive and on this score imports on payment of dollar exchange will not constitute a disadvantage. This directive does not alter the position of groundnut and its oil.

COASTAL SHIPPING TRADE

That the state of the coastal shipping trade is anything but satisfactory for some time past is becoming increasingly obvious. After the boom in the freight market which continued throughout 1952 and the earlier part of 1953 had worn out and the return to normal conditions re-introduced competition in the trade, adjustment to the new situation brought to the surface varying attitudes on the part of the shipping company managements. In the rush that ensued for business

there was a desire on the part of many of them to adhere to healthy trade practices, but the persistence on the part of some in resorting to the short-sighted policy of cut-throat competition and launching a general scramble for freight had the inevitable effect of undermining the morale of the trade. Rebates and rate-cutting threatened to jeopardise its immediate prospect. The attempts to straighten out the state of affairs, however, have so far failed to bear fruit. The Indian Coastal Conference was pressed to use its good offices in the matter, but its helplessness became apparent in no time. The inability of the Conference to take a firm initiative in this question arises from its curious constitution which invests a member company to veto any proposal by its solitary vote. In utter despair to seek restoration of healthy practices in the trade with the help of the Conference, the Scindia Steam Navigation Company resigned its membership. It seems that up to now neither has this premier company been persuaded to withdraw its resignation nor has the constitution of the Conference been amended by the abolition of the veto. There is force in Mr. Bhiwandiwala's plea in his presidential address at the last annual meeting of the Great Eastern Shipping Company urging the Scindias to stay in the Conference to secure the much-needed reform.

The chairman of this young shipping company has put forward a new theory of treating the coastal trade as a nursery to acquire proficiency in the skill and practice of shipping. He has urged that this reserved field should be left to new companies and the older and senior units should make room for them by switching over to the overseas trade. This plea presumes that there is real immediate scope for Indian shipping companies in the sphere of international trade. Facts are quite the other way. The instance which Mr. Bhiwandiwala has cited in his speech about the stubborn resistance of an established British line to admit Indian companies to the trade between India and the Persian Gulf (and the chairman of the India Steam Navigation Company has quoted more instances of this kind) is enough to demonstrate the invalidity of this presumption. The road to the development of Indian shipping does not promise to be smooth.

A.-I.M.O.'S PLEA

The All-India Manufacturers' Organization at its third quarterly meeting has come out with a fresh plea for direct aid and stimulation to industry. Sir M. Visvesvaraya's presidential speech set out with an altered emphasis the scheme for giving a push to industrialisation in the private as also the public sectors. If there is nothing new in the remedies suggested by the A.-I.M.O. for furnishing incentive and financial aids for the expansion of industry, the repeated stress on tax relief, with conditions attached for ploughing the savings back in investment, and provision of credit facilities signifies that delay in modifying Government policy on these lines is likely to retard the growth of industry. Two other planks in policy which have a direct bearing on the investor's psychology have been reiterated by the Organization as little heed seems to have been paid to them. They are modification of labour policy to remove the deterrents to new investment and a ban on further nationalisation. The precedent of the hasty method adopted for the nationalisation of air transport industry underlines the need of this warning and if nationalisation is deemed to be imperative in any individual case, the equally imperative need to maintain a rational policy on compensation ought not to be ignored.

What has been urged by the Organization in respect of the State Governments' freedom to go ahead with execution of plans of heavy industry is of dubious validity. The Five-Year Plan in action and the State Governments' share of responsibility in it should serve to re-emphasize the indispensability of full consultation and co-ordination with the Union Government to safeguard the objects of balanced allocation of funds and development on the pattern fixed for the achievement of the targets for expansion. The progress report on the Plan for the first two years has already demonstrated how the scope for deviation by State Governments in special cases is limited. It is doubtful how full freedom for the States in expanding industries without restraint is compatible with the achievement of planned development on a modest scale for which the financial resources are not all internally available.

EXTERNAL MARKET FOR TOBACCO

In the post-partition years tobacco emerged as one of the important and stable exports of the Indian Union. Exports of tobacco increased in value by more than 100 per cent from Rs. 7.18 crores in 1946-47 to Rs. 16.75 crores in 1951-52. Only graded and marked tobacco is allowed for shipments and the total quantity of such tobacco rose from 16.9 million lbs. in 1945-46 on a progressive scale. Part of this retained at home went into the production of superior types of products. The principal importer of Indian tobacco is the United Kingdom and its intake is of basic importance to the export trade. Egypt is the next important buyer. But latterly direct trade relations in the commodity have been established with the Continental countries, chief among which are Belgium, Germany, Italy the Netherlands, Sweden and Yugoslavia. The European countries, including the largest consumer the U.K., switched over to Indian tobacco owing to the urgency of eliminating expenditure on dollar tobacco. Next to the United States, China is a major supplier of tobacco, but her absence from the international market operated as an added factor in the stimulation of exports of Indian tobacco.

These immediate causes of a fillip to the external tobacco trade cannot, however, be regarded as the sole factors contributing to the overseas sales of tobacco. Far from being a temporary source of foreign exchange earnings, Indian tobacco has now established its reputation abroad and secured a stable footing. This is due to the energetic and sustained efforts of the Agricultural Ministry's Directorate of Marketing and Inspection acting in close collaboration with the trade. This collaboration has demonstrated the practicability of strict quality control of exports. The elaborate machinery that has been set up for grading and Agmarking of tobacco has been enabled to function smoothly and efficiently with active co-operation of the trade. The grades have been evolved after consultation with representative organizations of importers, particularly in the U.K. Export of tobacco not graded and marked has been prohibited under the Sea Customs Act. But it is vital to remember that strict adherence to authorised specifications has been primarily responsible for faith in the quality of consignments. Doubts which were raised earlier about the injurious effects on trade of constant intervention have been completely dispelled and it is now agreed that what was apprehended as an intervention has proved to be a valuable aid. The detailed technique of quality control in tobacco which has been lucidly explained in a recent official brochure should be of use to other trades as an indication of possible lines of quality promotion with necessary individual adaptations.

AIR TRAVEL INSURANCE

The initiative which is reported to have been taken by Mr. Jagjivan Ram in preparing a scheme for compulsory insurance of travellers on the scheduled domestic air transport services, close on the heels of the tragic air-crash near Nagpur, is clearly intended to provide automatic cover to the dependants of the insured in case the tragedy of accident overtakes travellers. Hitherto such insurance was entirely optional and it appears that its operation was curtailed.

Under the new compulsory scheme, the risk, it is said, would continue to extend for a period of 24 hours or so from the time the traveller books his ticket. It is to be presumed that the contract of insurance will provide for situations in which the actual continuance of the risk extends beyond 24 hours due to delays either on account of the carrier's responsibility or for reasons beyond his control. Compulsory insurance would entail a surcharge on every ticket and though the tariffs will have to be drawn up on an actuarial assessment, the ceiling on the amount of insurance intended to be fixed at one lakh rupees would require a premium-cum-surcharge of Rs. 10 according to reported indications. This is the premium actually prevalent at present. The Indian Airlines Corporation proposes to secure the agency of an insurance firm of international reputation for this purpose. The Commissioner of Insurance is said to have been approached in this behalf to issue the requisite authority for the agency agreement. This report has received Press publicity so recently that in the course of the few days since its curreney general reaction or reaction of Indian insurers to it has not been available. The scheme as published in broad outline is unexceptionable and as such its introduction is just a matter of time.

EXPORT OF IRON AND MANGANESE ORES

The Government of India have reviewed the procedure for licensing the export of iron and manganese ores. In the case of exports from Calcutta, it has already been announced that exports during the quarter ending March 31, 1954, will be granted up to 20 per cent basis as during the previous quarter ending December 31, 1953. Exports from all other ports except the port of Madras will continue to be licensed as hitherto. In regard to exports from Madras, the present system of licensing freely on the basis of ready stocks will continue to be in force up to January 15, 1954. But with effect from January 16, 1954, in view of the limited capacity for rail movements to Madras via Guntakal and Bangalore, it has been decided to regulate exports of iron ore and manganese ore originating from the Bellary-Hospet and Bangalore areas, on a quota basis. Exports of these ores originating from other sources will continue to be licensed freely even from the port of Madras as heretofore.

Established shippers of iron ore and manganese ore are advised to apply to the Deputy Chief Controller of Exports, Madras, with evidence of past exports duly supported by bills of lading in any one of the three calendar years 1951, 1952, or 1953. Allotments for the export of iron and manganese ores during the quarter ending Mafch 31, 1954 will be granted upto 20 per cent of shipments of each ore effected in the best year. Licences will be issued on shipping bills up to the export allotments granted by the Deputy Chief Controller of Exports, Madras.

It has been decided to give the necessary facilities to the mine-owners of iron ore and manganese ore, who are not eligible to receive allotments as established shippers, to participate directly in the export trade of the country. The mine-owners should submit applications for export allotments for the export of iron and manganese ore during the quarter ending March 31, 1954 to the Deputy Chief Controller of Exports, Madras, by January 25, together with details of production during the calendar years 1951, 1952 and 1953 supported by a certificate from the Director of Industries or the Officer-in-Charge of mines, as also an affidavit to the effect that neither the mine-owner applicant nor any of his associates has any interest in the export allotments that may be received by any established shipper. Export allotments will be granted to mine-owners by the Deputy Chief Controller of Exports, Madras, in consultation with the Chief Controller of Exports.

ION EXCHANGERS FROM INDIAN COALS

A new method for the preparation of ion-exchange material from coal has recently been developed at the Fuel Research Institute, Digwadih.

Ion-exchange material prepared from coal finds extensive use in water-softening. The technique provides a cheap and readily available supply of soft water for various industrial purposes. The water so softened is used in boilers, laundries, textile mills, dyeing houses, breweries, etc. When regenerated with acid, these materials form part of the equipment used for the production of de-mineralised water for pharmaceutical purposes, aerated water and other beverage industries. Ion-exchange materials from coal in various forms can also find use in other industries such as metal-concentration, sugar-refining, preparation and purification of solutions, refining of hydro-carbons, etc. In certain chemical processes, ion-exchangers are used as catalysts.

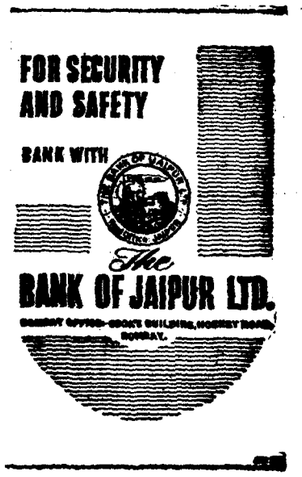
The ion-exchanger has been produced at the Fuel Research Institute on a pilot plant scale, and its water softening capacity has been tested experimentally in a large-scale softening plant in which water with a total dissolved solids equal to 440-480 parts per million was softened to zero hardness at an operating cost of As. 8 per 1,000 gallons.

All the materials for the manufacture of the exchanger are easily available in India. The equipment required is simple and can be easily fabricated. The method is covered by patent, but the C.S.I.R. is offering it for commercial production.

TRAINING IN CO-OPERATION

A Central Committee for Co-operative Training jointly set up by the Reserve Bank and the Government of India under the Chairmanship of Shri V. L. Mehta met recently to consider a co-ordinated scheme of training for the personnel of co-operative departments, co-operative banks and other co-operative institutions throughout the country. A proposal before the Committee was that the All-India Co-operative Training Centre at Poona, established by the Reserve Bank about a year and a half ago, should be further expanded so as to meet the needs of all States in respect of their "higher" personnel; that three or four regional training institutes should be set up for intermediate personnel in different parts of the country; and that local or State-wise arrangements should be made for the training of all other personnel, including members, directors, and secretaries of societies, and all village-level and other workers, official as well as non-official.

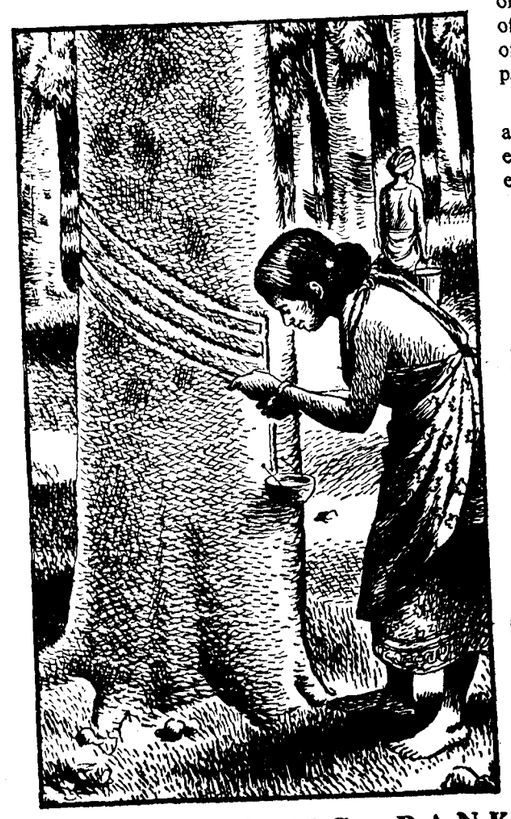
For the last mentioned part of the scheme, subsidies to State Governments are contemplated out of the provision of Rs. 10 lakhs made in the Five-Year Plan. Training schemes for higher and intermediate personnel will be administered by the Committee with funds provided by the Reserve Bank of India.



How banking serves the RUBBER INDUSTRY

RUBBER was first planted commercially in India in 1902. Today Indian rubber plantations, concentrated in Travancore-Cochin and Malabar, produce 20,000 tons of rubber every year, valued at four and a half crores of rupees. More than 250 Indian factories depend on this output for their production of finished goods.

Without banking, this growth could never have taken place. The facilities and guidance offered by a good bank, such as the availability of ready funds when needed and the collection of dues in any part of the country, have become part of the structure of the rubber industry.



We at Palai are proud that so many important rubber producers, and indeed leading firms in every field of business and industry in South India, employ the *complete* banking service we offer.

Current Accounts—Demand Drafts—Telegraphic Transfers—Bill Collection—Letters of Credit—Deposits—Investments—Loans & Overdrafts—Confidential Credit Reports, etc.

* * * *

If you have business interests in the South, it will pay you to open an account with us. Our 24 branches are strategically located, 22 in important South Indian business centres and two in Delhi and New Delhi; and we have correspondents in all important Indian cities. We offer a fully comprehensive banking service at each office.

Our clients can make deposits at any of our correspondent banks, situated in all important Indian towns and have the amounts credited to their accounts at any of our branches.

PALAI CENTRAL BANK LTD.
(Incorporated in Travancore-Cochin with Limited Liability)

Head Office: PALAI, TRAVANCORE
Branches at: Madras, Cochin, Quilon, Trivandrum, Alleppey, Mangalore, Bangalore, etc.
Also at: Delhi & New Delhi.

A LEADING BANK IN SOUTH INDIA

PC. 8427

COMPANY AFFAIRS

ORIENT PAPER MILLS LTD.

The report of the Directors of the Orient Paper Mills Ltd. (Managing Agents: Birla Brothers Ltd.), for the half-year ended 31st March, 1953, discloses an impressive improvement, as compared with the preceding half-year, both in sales and net profit. Net sales have advanced from Rs. 153.75 lakhs to Rs. 177.56 lakhs while net profit (before providing for depreciation and taxation) has improved by about Rs. 21 lakhs from Rs. 41.19 lakhs to Rs. 62.32 lakhs. The allocation for depreciation has remained unchanged at Rs. 5 lakhs but the provision for taxation at Rs. 31 lakhs, as against Rs. 10 lakhs in the previous half-year, has absorbed almost the whole of the increase in net profit. The dividend equalization account has appeared for the first time in the balance sheet and the Directors have transferred Rs. 20 lakhs to this account. No additions have been made to the general reserve which stands at Rs. 56.50 lakhs and the repairs and renewals account which stands at Rs. 45 lakhs. Dividend on the ordinary shares has been proposed at the rate of Re. 1 per share—a rate which has remained unchanged since March 1951. The fluctuations in the fortune of the company during the last three accounting periods are outlined in the table below:

Half-year ended	31st March, 1953 Rs.	30th Sept., 1952 Rs.	31st March, 1952 Rs.
Sales ..	1,77,56,416	1,53,75,015	1,87,79,491
Net Profit (before providing for depreciation and taxation) ..	62,31,621	41,19,489	33,11,888
Depreciation ..	5,00,000	5,00,000	5,00,000
Taxation ..	31,00,000	10,00,000	7,00,000
Salaries and Wages	20,92,456	17,42,218	19,36,301
Manufacturing Expenses ..	7,22,604	6,71,269	7,87,925
General Reserve ..	..	5,00,000	9,00,000
Dividend Equalisation Account	20,00,000	..	..
Reserve for Repairs and Renewals ..	..	15,00,000	6,00,000
Ordinary Dividend (rate per cent per annum) ..	20	20	20

Balance sheet as on 31st March, 1953.

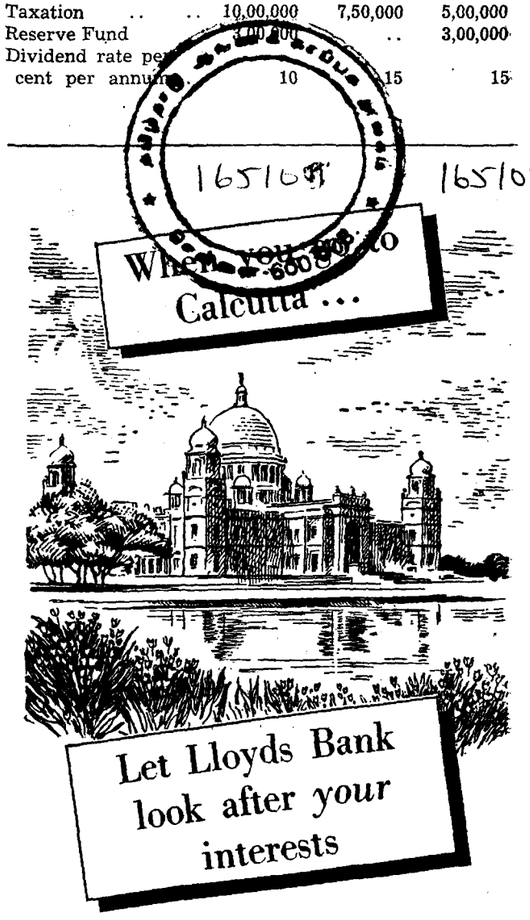
Capital and Liabilities	**Rupees**
Capital	1,21,95,000
General Reserve	56,50,000
Capital Reserve	1,00,70,000
Repairs and Renewals	45,00,000
Dividend Equalisation Fund ..	20,00,000
Sundry Liabilities	2,29,74,165
Profit and Loss Account ..	2,26,754
TOTAL	5,76,15,919
Property and Assets	
Gross Block	3,32,58,294
Less Depreciation	75,01,000
Net Block	2,57,57,294
Liquid Assets	3,18,58,625
TOTAL	5,76,15,919

THE ELGIN MILLS CO., LTD.

The working results of the Elgin Mills Co., Ltd. (Managing Agents: Begg Sutherland & Co., Ltd.), for the year ended 30th September, 1953, reflect the difficult trading conditions which the Indian Cotton Textile Industry experienced during the year 1953. The profit and loss account reveals a drop of about Rs. 6 lakhs in net profits (before providing for depreciation, taxation and reserves) from Rs. 33.30 lakhs to Rs. 27.39 lakhs. Provision for depreciation has been increased from Rs. 5.50 lakhs to Rs. 7.50 lakhs and that for taxation has gone up from Rs. 7.50 lakhs to Rs. 10 lakhs. A sum of Rs. 3 lakhs has also been transferred to the rehabilitation reserve. The ordinary dividend rate has consequently been recommended at the reduced rate of 10 per cent per annum as against 15 per cent in the year 1950-51.

The table below summarises the working of the mills during the last three years:

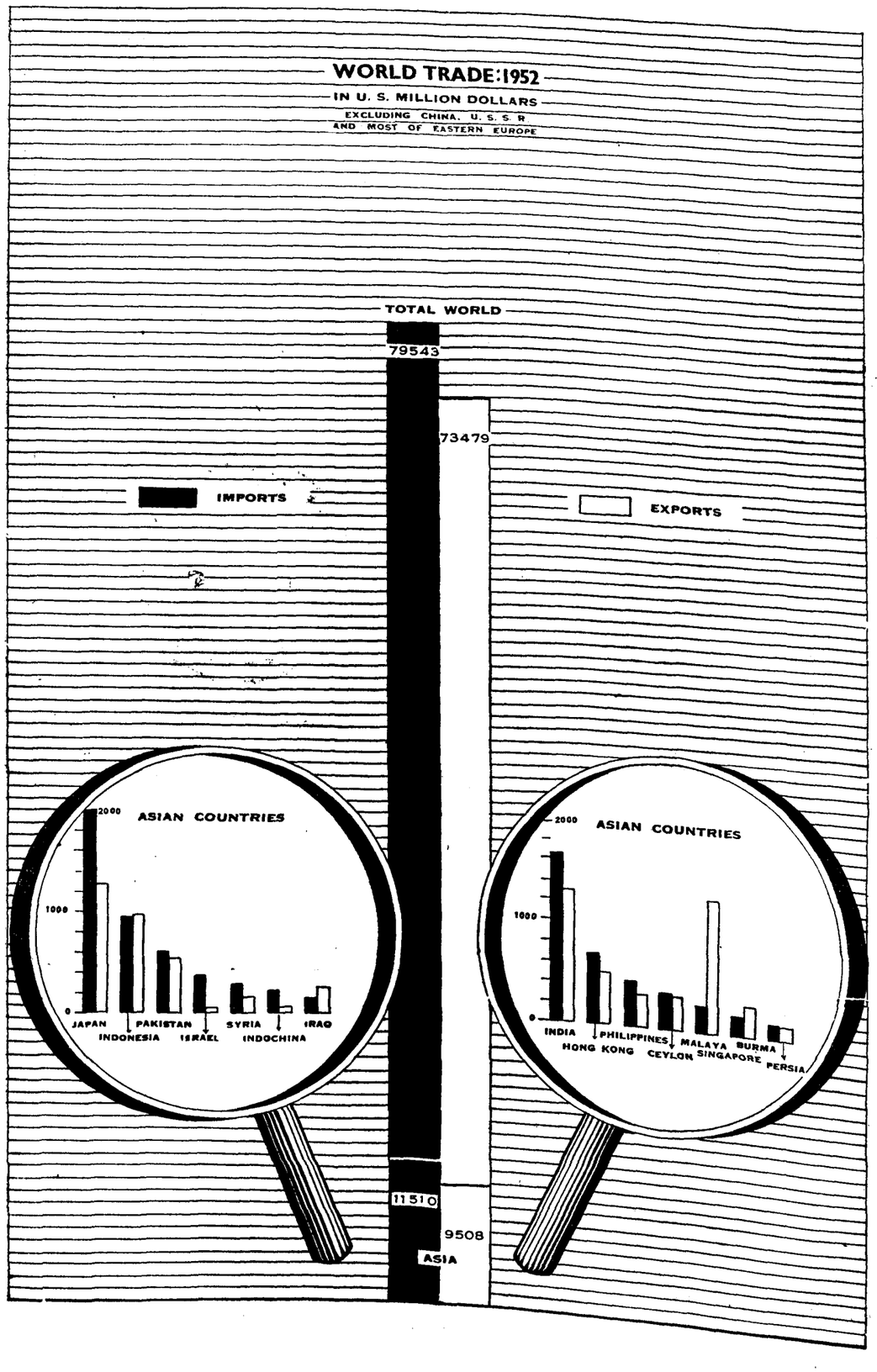
Year ended	30th Sept. 1953 Rs.	30th Sept. 1952 Rs.	30th Sept. 1951 Rs.
Profit (before providing for depreciation, taxation and reserves)	27,39,071	33,30,262	31,55,001
Depreciation	7,50,000	5,50,000	7,00,000
Taxation	10,00,000	7,50,000	5,00,000
Reserve Fund	3,00,000	..	3,00,000
Dividend rate per cent per annum	10	15	15



Branches:
29 Netaji Subhas Road • Manager: G. Byron
41 Chowringhee • Manager: B. A. Watt

Lloyds Bank Limited — Incorporated in England

LB/G/52—1953



COMMODITY NEWS AND NOTES

LOWER SUGAR OUTPUT

Preliminary reports about sugar production this season have already started late. The normal tempo of production has not yet been attained in the U.P. and Bihar on account of irregular cane supplies. There are apprehensions that the 1953-54 season might witness a fall in the sugar output compared to the last two seasons. The problem of cane supply in the U.P. and Bihar is due to the tendency among the growers to turn to gur output which is comparatively more remunerative at present. The reports of falling cane production in the U.P. have induced some of the growers to demand higher rates than fixed by the Centre. The industry is reluctant to go in for costly cane, since the imports of foreign sugar have limited the chances of higher profits.

FREE EXPORT OF LINSEED OIL

The Government of India has decided to continue to license export of linseed oil freely on shipping bills up to the end of June 1954, says a Press note issued by the Chief Controller of Imports and Exports. The Government of India have reviewed the export policy of kardi seed, niger seed and their oils and have decided to continue to license export of those commodities freely on shipping bills up to the end of June 1954.

WORLD NICKEL PRODUCTION

World output of nickel will reach 335 million pounds this year or 45 million pounds more than the last year's production according to Dr. J. F. Thompson, chairman of the International Nickel Company of Canada. He forecasts that by 1960 world output of nickel will be almost 75 per cent more than that in 1949. Despite the expansion in output prices have been firm. This is because next to steel, nickel is the most important armament material and almost half of the free world's production last year has been allocated from military, Atomic and stockpile requirements.

The overall demand has been strong, but civil requirements may not be met on account of strategic needs.

FORWARD TRADING IN GUR ALLOWED

The Government of India has cancelled the ban on forward trading in gur, it is officially announced. The question of bringing this commodity within the purview of the Forward Contracts (Regulation) Act, 1952, is under the consideration of the Forward Contracts Commission, the announcement added. The ban on forward trading in sugar in the existing form will continue.

STANDARD OF SALT FOR HUMAN CONSUMPTION

The Government of India fixed the minimum standard for salt for human consumption in 1953 at 94 per cent sodium chloride content. In practice, however, the percentage enforced was 93.5, as fractions of .5 and above over 93.5 were treated as equivalent to one and the total as 94. It was intended that the percentage to be enforced for 1954 should be 95 per cent. After a very careful consideration of the representations that have been made by the salt manufacturers and their Associations, the Government of India have decided to maintain the minimum standard for salt for human consumption in 1954 at 94 per cent sodium chloride content without any allowance for fractions between 93.5 and 94.

WORLD TOBACCO OUTPUT UP

The world production of leaf tobacco last year was estimated by the United States Agricultural Department to be 7,323,894,000 pounds, for sale weight. This was 94,080,000 lbs. more than 1952's total and 90 million lbs. more than the average for 1947-51 (Farm sales weight is about 10 per cent more than average dry weight normally used). In 1953, in Asia the output was 2,923,386,000 pounds compared with 2,800,329,000 pounds the previous year. This was about 4.4 per cent above 1952, but still radically below the annual average during 1947-51.

BIGGEST EVER RICE CROP EXPECTED IN CEYLON

The Director of Food Production, Mr. Manikka Idakaddar, told the Press recently that rainfall in the past few months had favoured paddy crops greatly as a result of which next year's crop should exceed the 1952 crop, the biggest so far, by nearly three million bushels. The 1954 Maha crop is expected to bring nearly twenty million bushels of paddy.

EXPORT OF MANGANESE AND IRON ORES PERMITTED

The Government of India has decided to license the export of iron and manganese ores to both established shippers and mineowners from the Port of Calcutta during the quarter January-March 1954 on the same basis as for the quarter ending December 31, 1953.

TOBACCO STOCK ACCUMULATING

Mr. G. Latchanna, Agricultural and Forest Minister for Andhra State, told Pressmen recently that he had represented to the Union Food Minister, Mr. Rafi Ahmed Kidwai, the urgent need to explore foreign markets for tobacco. He added that over 40 million pounds of tobacco of last year remained unsold with the producers in Andhra State. The prices of tobacco, he said, had fallen from six annas a pound to about 1½ annas now. He said that he suggested to the Union Food Minister that the tobacco export trade should be done by the Governments of States producing it instead of by merchants, as at present, to secure a minimum guaranteed price to the producer. China, Russia and Japan, he said, were the chief customers for Indian tobacco and in all the three countries the tobacco import trade was conducted by their Governments.

PETROLEUM EXPLORATION IN WEST BENGAL

An agreement between the Government of India and the Standard-Vacuum Oil Company for the joint exploration of petroleum and production of petroleum if it is discovered in commercial quantities in West Bengal was signed in New Delhi recently. The agreement is the result of negotiations between Government and Standard-Vacuum which have been current for the last 18 months. Government and Standard-Vacuum have agreed to contribute jointly the funds required for the operations. The Government will provide one-quarter of the expenditure and Standard-Vacuum will contribute the balance. The aggregate contribution of the Government will not, however, exceed Rs. 2½ crores unless the Government wishes to provide further contributions towards the continued expenditure for the project. Standard-Vacuum has given the assurance that if commercial production of oil in sufficient quantities is established, it will consider the erection and operation of a refinery of a capacity of at least ten thousand barrels per day.

COMPANY MEETING

SPEECH DELIVERED BY IVOR BULL, ESQ., O.B.E. CHAIRMAN

COFFEE LANDS AND INDUSTRIES (MYSORE) LTD.

AT THE SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY Held On 31st December, 1953.

Gentlemen,

As the Directors' Report and the Accounts have been with you for the statutory period, I propose with your permission to take them as read.

Although the crop we have gathered is the highest in the Company's history, the profit unfortunately is the second lowest, and we have been able to recommend a dividend of 3 per cent only. This is a disappointing result when the steady increase in the yield of our estates is remembered.

Last year, in addition to transferring Rs. 52,030 to our Dividend Equalisation Reserve, we were able to transfer Rs. 1,50,000 to General Reserves. This year we have been unable to transfer any sum to General Reserve.

Estate expenditure at Rs. 12,48,804 shows an increase of over two lakhs compared with 1951-52. Part of this increase is due to higher wages but with a heavier crop on the trees to be harvested this year, it was also essential to meet the cost of supporting the bushes with the additional fertiliser and spraying necessary to maintain their condition. The historic error in coffee growing in the past has been to use the proceeds of a heavy crop, after realisation, for additional expenditure on fertilisers. Meantime, the damage has been done. The only way to prevent the bushes from becoming exhausted is to support them before and during the period of crop strain. For obvious reasons we have had to cry a halt to our rehabilitation programme this year, but we have given our coffee proper backing, and there is every sign that the estimate of 500 tons will be realised.

For those who are only technically interested in coffee production, the result of the year's working is of considerable interest, although for the shareholders it is so disappointing.

Our estates in Mysore are better than the average, our yield at 3 cwt. is higher than the average. We believe them to be carefully, economically and intelligently worked, yet the total profit per acre is only Rs. 12-9. From this minute profit, not only have dividends to be paid, but it is the only source from which money can be found for improving our labour quarters and introducing the many benefits devised under the Plantation Labour Act for labour. Actually, even if we could borrow the money and if we paid no dividend at all, the profit would be insufficient to meet even half the interest of the cost of rehabilitation. Where we have just succeeded in paying our way, there are many other Mysore and Madras estates which have suffered a severe loss.

Our estates represent not merely a sample of a better than average Mysore estate, but also a better than verage Madras estate, and unless a price for coffee hich is fair to the producer is speedily fixed, there is tle doubt that the famous Arabica coffees of Mysore, the Nilgiris and the Shevaroys will go the same way as the Indigo industries of Bengal, Bihar and Orissa.

The arabica crop in both Mysore and Madras is declining, for in neither State has the coffee fully recovered from the depression of the thirties. No separate figures are available for the arabica and robusta crops before 1941, but the six yearly averages since then are given below:

Average Arabica Crop in Tons

Six seasons ending	Mysore	Madras	Total
1946-47	5,999	4,142	10,141
1952-53	5,122	3,788	8,910

This decline has taken place during a period of relatively stable prices. Now that prices have been forced down to a figure which is well below the average cost of production, the decline in the arabica crop will be greatly accelerated.

Again for the observer, though not for our shareholders, this position regarding coffee on the average estate is curious.

On our own estates, the actual profit was only Rs. 33,723 last year, and yet we shall have directly met or provided no less a sum than Rs. 2,12,352 to the Central Government and Rs. 4,032 to the State Government, a total of Rs. 2,16,384 on 2,688 acres, or Rs. 80-8 an acre made up as follows:

	Per Acre
Land tax	Rs. 1 8
Excise duty on 351 tons of coffee at Rs. 21 a cwt.	,, 55 0
Export duty on 53 tons (proportionate share of export)	,, 24 0
TOTAL	Rs. 80 8

The additional Revenue which the Central Government is taking out of coffee is quite obviously strangling an industry which should be benefiting the whole of the Malnad areas of the States in the South.

Although the effect of too low a return to the grower will upset the whole economy of large regions in the States, the fall in the Central Revenues will be relatively so little that it may well escape notice. It is only the States which will really suffer, not the Centre.

The reason why the good crop we have harvested has given such a poor return is a simple one. The return to the grower has been fixed arbitrarily at far too low a figure. In 1952, following an insistent directive from Government to export a large quantity of coffee which inevitably left an insufficient supply for the internal market, prices shot up to unprecedented

heights in August-October, though in December of last year, as I then reported to you, they had begun to reach more healthy levels. Now we are suffering from the rebound. An agreement was reached with Government last April to reduce prices internally, and to subsidise the growers for such reductions by means of the export of 2,000 tons of Robusta, for the price of coffee abroad is Rs. 140 to Rs. 250 a cwt. higher than in India. This agreement has not been observed, and now the benefit from exports which was to have compensated growers for releasing their coffee in India at a price well below the cost of production is being diverted, not even to the further assistance of the consumer but directly to Central Revenues. There is a lack both of good faith and of logic in the new arrangements. From excise duty alone the Central Government will receive one crore of rupees from the coffee industry this season. The diversion of additional large sums to the Central Revenues can only result in the death from starvation of the goose which has been laying these golden eggs for them.

Delivery of all coffee to the Board is compulsory. The low price fixed by Government is arbitrary and involves a loss to most growers. It is a nice matter for Constitutional lawyers to work out whether an individual can be forced to part with his produce at a loss, when there is a profitable market on his doorstep.

The finding of finance to work the estates has been troublesome throughout the year, mainly because of the low prices fixed, but largely because of the delay by the Board in making payments for the coffee delivered to them, the result of the attempt made by the Board, at the direction of Government, to hold stocks for which it had no finance.

The most disturbing result of recent Government policies is the complete cleavage which has arisen between the Government and the Indian Coffee Board. The advice of the Board on important and even unimportant matters is continually rejected and overridden. Yet the real knowledge of the coffee industry lies in Bangalore, not in Delhi. For years it was the Board that approached Government again and again to moderate their export programme, the effects of which would be disastrous for the consumer. All this is fully documented. It was only when disaster actually arose that Government's views altered and in a strange and illogical way, the Board is now blamed for the inevitable result of Government's own policies. A frustrated countryside is now represented by a frustrated Board which can only watch, whilst mistake is piled on mistake. The failure to evolve any consistent marketing policy in 1953 is the main reason for internal sales shrinking from an anticipated 18,500 tons to only 15,000 tons.

In 1952, although prices were completely out of hand for a long period, and although the releases for the December Pool auctions were halved, internal sales reached 17,867 tons.

The failure to implement the promise to export at least 2,000 tons of coffee as a preliminary step in May has aggravated the present stock position, so that no less than 8,500 tons of coffee which is urgently wanted abroad lies deteriorating and at heavy cost in the Board's godowns, even though the current crop which is being harvested is expected to be a bumper one. In spite of this a decision regarding exports is being delayed till February.

The result of the marketing errors prevents the Board from paying the growers for their coffee at the proper time. This adds to the cost of production for the grower has now to find the finance and pay interest for it elsewhere.

The harmful effects of the price errors will be numerous. Employment and production will be reduced, and the value of all estates will shrink. India could materially increase both her production and exports of coffee, but is prevented from doing so. The opportunity of earning additional foreign exchange is thrown away, and an opportunity to engage numbers of unemployed in the development of the large areas of land lying waste in our Southern Hills is lost.

The Indian Coffee Board as long ago as last August passed a resolution requesting Government to arrange for an enquiry into the Coffee industry through the Tariff Board, such enquiry to cover not only what would be a fair return to the grower, but also the possibilities of developing the industry for which there is obviously such scope. This resolution received the support of Planting Associations in all districts. The request was refused, but it is more than ever evident today that such an enquiry should be carried out speedily and in a judicial, calm and dispassionate atmosphere. Growers are accused of stubbornness and many other things for persisting in this request, but the nature of the debate in Delhi, in which the export duty of Rs. 62-8 was passed through both Houses shows clearly how essential it is that this problem, which affects so critically the fortunes not only of growers but also of districts, should be solved by an impartial body, and one free from all preconceived ideas and prejudices. Never was there a clearer need for the separation of the "Judiciary" from the "Executive."

Coffee presents a strange picture indeed today. World prices are high. Our rivals abroad are increasing their production, modernising their properties and building up their reserves against the day of stern competition which lies ahead. In India on the other hand the producer, and in particular the arabica producer, is being squeezed out of business through erroneous policies and penal legislation, and in what is designed to be a welfare State, the sale proceeds of coffee are being diverted to the Central Exchequer to such a degree that no funds will be left with most estates to finance the welfare of their labourers. This diversion of the growers' funds to the Centre seems also to imply that the recent expressions of Governmental sympathy for the consumer is on the wane.

The interests of the consumer and the producer can be combined, in fact have to be combined if both are to benefit, through an encouragement of production in India, an increase in exports from India and a sharing of the benefits arising from these exports. No plan for the development of our industry which could bring these benefits has ever been put forward by our Ministry, yet today India as never before has to produce or perish. The problem deserves attention which it should have received long before this.

The main reason for the difficulties which have arisen so constantly between the producers and the Ministry must be put down to the mischance by which an agricultural subject is being dealt with by a Commerce Secretariat whose views have naturally always been related to the commercial exploitation of the fruits of our industry, never to the development of the industry itself. The trained agricultural approach which is so essential to solving our problems and which we would have received under different circumstances is inevitably lacking whilst we remain as peculiarly placed as we are at present.

The differences between Government and growers represent the fulfilment of a warning given by Dr. Punjab Rao Deshmukh in October and quoted below:

> "I fear that our attempts at marketing of agricultural produce have all an atmosphere of isolation from the rural community, as it often appears to be an attempt to impose things from above. No structure which is not based on the co-operation of the parties concerned can be durable or expected to stand by itself."

As regards our estates, the result of our additional expenditure and the intensive work which has been done on them is really encouraging, and everywhere there is a real improvement to report. When reasonable and fair Government policies are again the order of the day I am quite certain that our shareholders will have good reason to be satisfied with their investment.

At Hunsur they have had a very busy year. The crop cured was easily a record, and they expect to do better still in the coming season. The results of trading there also show an improvement.

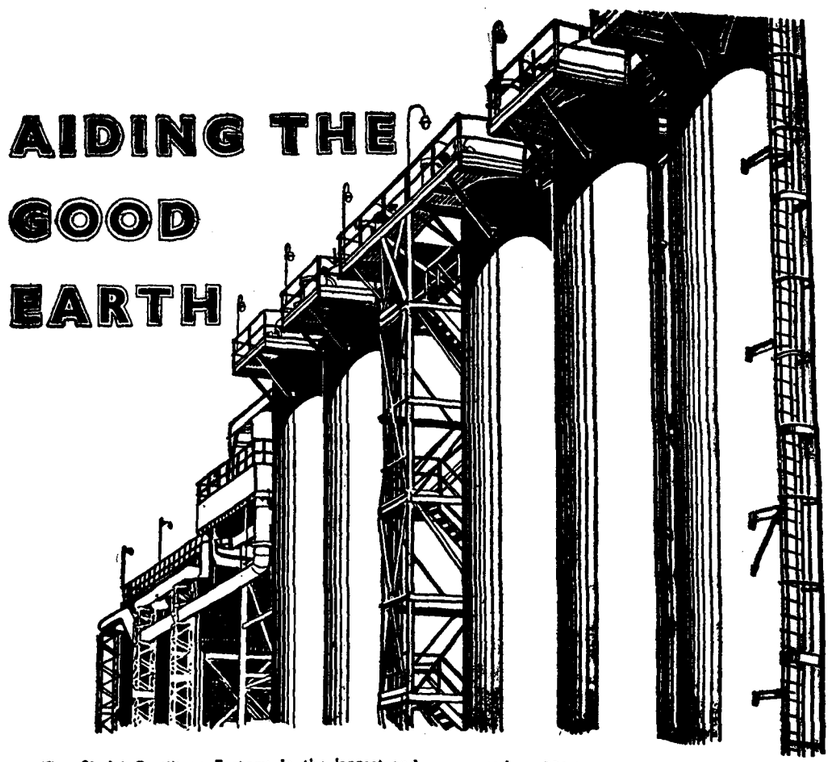
This is the last year I shall be presenting the Accounts and the Reports to you and I am sorry that the former make such poor reading.

As explained the cause for this lies completely beyond our control, but as the interests of all the States in the South are so deeply involved, I refuse to believe that our very real difficulties will remain for long unremedied.

I must thank my fellow Directors for the thoughtful assistance they have always given to me, and our Managers and Staff for their excellent work in a year which has proved financially so disappointing to them.

HUNSUR,
31st December, 1953.

IVOR BULL,
Chairman.



The Sindri Fertilizer Factory is the largest and most modern of its kind in Asia. Built at a cost of Rs. 23 crores this giant scheme includes gas ammonia and sulphate plants, a 90,000 storage silo, a power house and 12 miles of railway track. Apart from large quantities of other materials, no less than 12,000 tons of STEEL went towards the construction of this project which is designed to produce 350,000 tons of ammonium sulphate annually for India's agriculture. The enriched soil will yield 875,000 tons of extra food for the country each year—a valuable contribution from a new enterprise.

STEEL FOR PROGRESS

INSERTED BY THE INDIAN IRON & STEEL COMPANY LTD ISCO MANAGING AGENTS: MARTIN BURN LTD.

BK 47

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360.0*	369.5	619.8	397.4	90.6	100.4	86.8	94.0
June ,, c ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	4.4
July ,, c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
Week Ending										
14-11-1953 ..	381.6	437.3	353.3	367.8	715.7	391.4	90.2	101.3	87.1	95.3
21-11-1953 ..	375.6	446.8	357.2	366.6	714.4	391.3	90.2	101.4	87.2	96.6
28-11-1953 ..	370.6	444.3	359.4	362.9	711.5	388.6	90.2	101.4	87.3	97.4
5-12-1953 ..	368.4	446.4*	356.5*	363.5	710.4	387.7	90.2	101.5	87.6	98.3
12-12-1953 ..	363.4	452.0	356.7	363.8	710.6	387.2	90.3	101.5	87.7	98.3
19-12-1953 ..	367.6	464.9*	355.7	363.5	712.4	390.2*	90.3	101.6	87.8	98·0
26-12-1953 ..	368.8	474.5	357.5	364.1	712.5	392.6	90.3	101.8	88.1	98.0
2-1-1954 ..	..	..	..	..	..	..	90.3	101.8	88.1	97.9

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

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	—	—	—	—	196	104	—	106	—	—	—
1946	246	259	209	108	275	328	285	101	235	119	103	106
1947	265	279	219	122	309	378	320	123	272	142	123	120
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	144
1953 January	330	346	260	135	337	454	381	146	327	144	149	139
February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160p	355	148	158	152
August	358	376	285	144	373	469	397	157p	352	149	160	152
September	353	371	283	145	366	464	391	154p	351	150	163	150
October	350	368	282	144	—	457	—	—	—	—	—	—
November	—	361	280	144	—	453	—	—	—	—	—	—
December	—	—	—	—	—	—	—	—	—	—	—	—

† Base 1944=100 p—Provisional.

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	9-1-1954			2-1-1954			26-12-1953			19-12-1953		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	83- 3	82- 1	82-12	82-14	81-13	82- 7	83- 8	81-15	82-11	81-15	80- 2	82- 5
Silver (per100 fine tolas)	156- 2	153- 4	155- 6	153- 6	151-14	152-10	152-15	151-11	152- 5	151-13	150-12	151- 4

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	56,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(5,58)
1949-50*	1,128,94	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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
Week Ending										
6-11-1953	1,108,84	16,88	1,125,71	40,02	568,15	608,17	53.53	96,12	421,42	1,125,71
13-11-1953	1,109,24	16,33	1,125,57	40,02	568,15	608,17	54.03	96,02	421,38	1,125,57
20-11-1953	1,101,05	25,25	1,126,31	40,02	568,15	608,17	54.00	96,76	421,38	1,126,31
27-11-1953	1,096,85	30,19	1,127,04	40,02	568,15	608,17	53.96	97,49	421,38	1,127,04
4-12-1953	1,114,42	11,66	1,126,08	40,02	568,15	608,17	54.01	96,53	421,38	1,126,08
11-12-1953	1,123,20	12,41	1,135,61	40,02	578,15	618,17	54.43	96,06	421,38	1,135,61
18-12-1953	1,121,21	14,61	1,135,83	40,02	578,15	618,17	54.42	96,28	421,38	1,135,83
25-12-1953	1,125,52	10,37	1,135,89	40,02	578,15	618,17	54.42	96,34	421,38	1,135,89
1-1-1954	1,132,15	13,82	1,145,97	40,02	588,15	628,17	54.82	96,42	421,38	1,145,97

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	485
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	414
	(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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
Week Ending														
6-11-1953	100,22	29,96	47,15	57,60	234,94	16,89	261,82	17,09	3,51	137,27	41	12,88	83,86	6,80
13-11-1953	101,32	27,09	49,50	57,26	235,17	18,05	263,22	16,57	3,22	142,81	27	11,19	82,32	6,85
20-11-1953	94,75	30,15	62,11	56,83	243,84	17,48	270,32	25,49	3,23	142,69	86	10,83	81,25	6,98
27-11-1953	98,09	24,38	69,82	56,86	249,15	18,46	277,62	30,44	5,00	141,56	1,37	11,01	81,14	7,09
4-12-1953	90,43	22,24	60,79	58,09	231,55	19,11	260,65	11,81	5,36	144,85	1,38	10,93	79,13	7,19
11-12-1953	92,22	19,31	55,76	57,53	224,82	20,36	255,19	12,61	8,97	137,11	2,53	11,06	75,67	7,23
18-12-1953	106,11	18,97	48,69	57,19	230,95	20,84	261,79	14,82	9,65	141,21	1,49	12,61	74,75	7,25
25-12-1953	110,24	18,79	45,99	56,93	231,95	20,45	262,40	10,60	11,35	144,46	1,84	11,83	74,72	7,60
1-1-1954	113,43	19,48	46,70	58,35	237,97	21,79	269,76	14,07	15,26	139,32	1,15	16,05	76,25	7,66

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

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	16,44	45.10	..
1949-50 ..	597,79	272,59	870,38	34,47	65,85	11.53	426,74	15,35	50.79	..
1950-51 ..	599,13	278,45	877,59	34,68	60,78	10.88	447,03	11,87	52.29	..
1951-52 ..	593,73	290,82	884,55	37,33	57,29	10.70	523,59	22,81	61.77	303,48§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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
Week Ending										
8-5-1953 ..	524,18	321,72	845,90	32,13	38,34	8.33	477,97	61,89	63.82	300,73
15-5-1953 ..	525,39	322,32	847,71	32,06	40,58	8.57	472,91	60,95	62.98	300,68
22-5-1953 ..	530,36	322,99	853,35	31,86	40,86	8.52	470,91	59,85	62.20	300,21
29-5-1953 ..	529,01	322,89	851,90	31,67	39,15	8.31	471,09	60,23	62.37	299,76
5-6-1953 ..	529,54	323,53	853,07	31,78	40,29	8.45	470,36	58,75	62.02	300,23
12-6-1953 ..	521,94	324,15	846,09	32,54	39,83	8.55	469,93	59,79	62.61	312,40
19-6-1953 ..	526,91	324,56	851,47	33,93	39,57	8.63	462,88	58,38	61.22	312,44
26-6-1953 ..	530,26	327,56	857,82	34,63	40,09	8.71	453,23	56,59	59.43	314,03
3-7-1953 ..	531,35	327,62	858,97	33,56	40,11	8.58	452,30	55,97	59.17	313,41
10-7 1953 ..	529,02	328,34	857,36	32,72	39,73	8.45	446,78	53,43	58.34	312,81
17-7-1953 ..	535,68	328,52	864,20	31,39	39,80	8.24	442,59	52,05	57.24	313,70
24-7-1953 ..	535,82	328,31	864,14	30,02	50,53	9.43	438,77	51,22	56.70	315,61
31-7-1953 ..	530,25	328,27	858,52	30,69	44,78	8.79	438,02	51,48	57.02	316,41
7-8-1953 ..	529,97	327,59	857,56	29,44	47,05	8.92	436,59	51,76	56.95	319,05
14-8-1953 ..	522,66	330,10	852,76	29,86	41,12	8.32	431,15	49,53	56.37	323,07
21-8-1953 ..	528,18	328,52	856,70	31,22	44,10	8.79	428,51	48,28	55.65	323,56
28-8-1953 ..	528,21	331,36	859,57	31,73	45,93	9.03	426,53	46,81	55.07	326,88
4-9-1953 ..	528,59	330,56	859,15	31,93	49,11	9.43	428,02	45,87	55.16	327,96
11-9-1953 ..	526,79	330,34	857,13	30,54	48,01	9.16	423,30	44,43	54.51	329,15
18-9-1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42,45	54.45	333,16
25-9-1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2-10-1953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-1953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16-10-1953 ..	520,35	332,92	853,27	30,06	50,34	9.42	420,89	38,62	53.85	336,15
23-10-1953 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	5,17,78	331,15	848,93	36,43	45,67	9.67	419,02	46,92	54.89	328,65

* Undivided India §Average of weeks from November 1951

INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Full year 1952	November		11 Months Jan-Nov.	
		1952	1953	1952	1953
Total All Exports	114,554	8,067	11,603	103,964	101,500
Of which :-					
Tea	48,732	4,920	6,444	43,573	44,747
Tobacco	6,956	237	301	6,565	5,327
Non-metalliferous mining and quarry products other than coal	2,761	122	103	2,547	1,485
Non-ferrous metalliferous ores and scrap*	3,199	98	301	2,772	2,993
Raw cotton and cotton waste	2,301	217	2-1	1,992	2,817
Wool, raw and waste and woollen rags	3,449	282	370	2,920	3,871
Seeds and nuts for oil, oils, fats, resins and gums	6,144	224	240	5,766	4,037
Hides and skins, undressed	538	43	50	460	891
Woollen and worsted yarns and manufactures@	1,231	52	131	1,056	1,796
Coir mats and matting	1,216	172	154	1,025	1,668
Jute manufactures	13,256	25	1,038	13,148	6,593
Oils, fats and resins, manufactured	1,230	76	57	1,195	588
Leather and manufactures	9,284	797	837	7,786	13,000

* Mainly *manganese ore.* @ Mainly *carpets, floor rugs, etc.*

II. PRINCIPAL IMPORTS

(Thousand £)

	Full year 1952	November		11 Months Jan-Nov.	
		1952	1953	1952	1953
Total All Imports	112,149	7,890	10,624	102,911	104,894
Of which :					
Machinery	35,626	2,779	2,899	32,631	30,839
Vehicles (including ships & locomotives)	16,823	1,072	1,407	15,522	14,019
Iron & steel & manufactures	7,799	719	620	7,061	6,764
Pottery, glass, abrasives, etc.	1,885	128	161	1,752	1,586
Non-ferrous metals & manufactures	2,351	192	310	2,167	3,274
Cutlery, hardware, implements & instruments	3,572	201	383	3,260	3,433
Electrical goods & apparatus	11,391	928	637	10,192	10,037
Cotton yarns & manufactures	3,481	211	269	3,100	2,097
Woollen & worsted yarns & manufactures	4,840	280	315	4,619	5,404
Silk & artificial silk yarns & manufactures	691	40	223	653	744
Chemicals, drugs, dyes & colours	9,967	383	1,149	9,480	9,242
Paper, cardboard, etc.	2,128	112	84	2,006	1,224

III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Full year 1952	November		11 Months Jan-Nov	
		1952	1953	1952	1953
Total Machinery	35,626	2,779	2,899	32,631	30,839
Of which :					
Agricultural machinery	460	5	2	449	116
Boilers & boiler-house plant—					
Boilers, water tube	598	54	60	549	410
Other	865	41	86	733	1,120
Electrical machinery—					
Generators	1,243	69	69	1,151	1,356
Motors & parts	622	65	64	578	714
Other descriptions	3,651	259	487	3,532	4,515
Excavating & earth-moving machinery	790	59	63	776	426
Mechanical handling equipment	1,004	113	132	856	1,272
Machine tools (metal working)	1,334	96	182	1,147	1,822
Mining machinery, other than portable power tools	418	29	34	385	287
Internal combustion engines—					
Marine	58	5	5	53	56
Other	3,429	126	41	3,325	364
Printing, bookbinding, etc., machines	697	46	40	666	766
Pumps	980	75	79	901	798
Refrigerating machinery	228	22	19	216	246
Sugar making & refining machinery	216	9	42	198	266
Textile machinery	8,670	884	613	7,940	6,407

Source :— Trade and Navigation Accounts of the U.K. (H.M.S.O.)

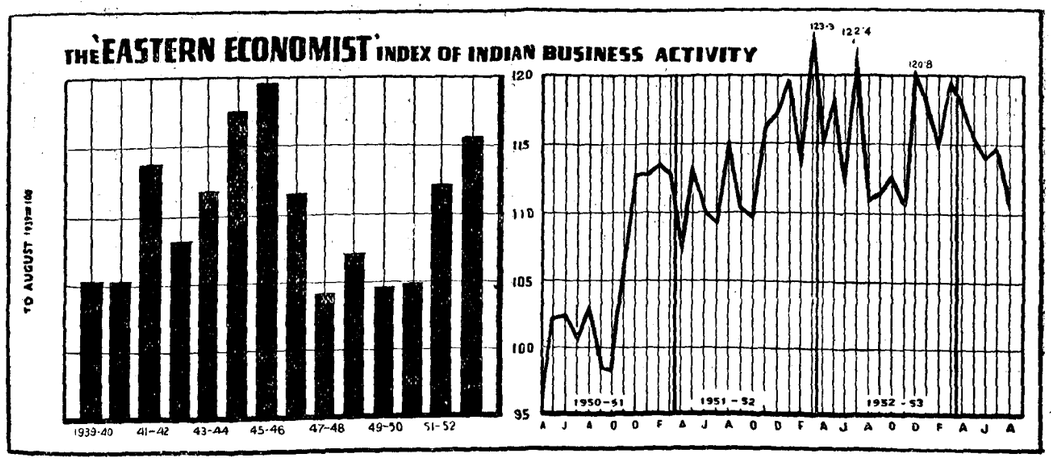
THE "EASTERN ECONOMIST" INDEX OF INDIAN BUSINESS ACTIVITY

(Year Ended August 1939=100)

	Industrial Production	Imports	Exports	Merchant Shipping: Entered	Merchant Shipping: Cleared	Cheque Clearances	Note Circulation	Inland Transport	GENERAL INDEX
WEIGHTS	46	3	3	1	1	18	5	23	100
1939-40	110.3	95.2	100.3	91.1	91.4	101.8	97.9	102.9	105.2
1940-41	114.2	74.9	84.4	60.5	65.7	93.2	112.8	111.0	105.7
1941-42	123.2	68.7	91.0	51.8	66.7	99.1	119.2	123.5	113.5
1942-43	125.5	35.7	59.5	33.0	34.3	86.8	170.6	123.5	108.0
1943-44	126.8	36.1	50.9	36.7	27.1	93.5	186.7	124.7	111.5
1944-45	121.7	66.6	50.7	61.4	36.4	114.0	225.4	124.6	117.0
1945-46	120.0	73.3	59.1	63.6	37.7	117.2	269.7	128.1	119.7
1946-47	105.0	67.1	61.8	51.7	48.5	128.6	252.3	118.5	111.9
1947-48 a	105.9	85.0	65.2	69.7	62.8	101.3	227.5	98.4	104.0
1948-49 a	115.9	91.2	53.2	48.3	69.3	87.1	195.9	110.8	107.3
1949-50 a	109.5	99.1	58.3	82.5	67.9	77.8	178.2	121.4	104.3
1950-51 a	104.0	90.1	65.5	81.9	75.6	78.5	182.6	133.7	104.9
1951-52 a	115.4	115.6	53.0	92.4	75.8	87.3	180.3	140.8	114.6
1952-53 a	121.4	85.6	60.5	87.8	75.8	81.8	194.3	143.5	115.7
1951-52									
April	111.0	91.9	53.5	79.1	69.4	87.9	181.7	123.9	107.9
May	116.4	114.9	71.2	85.7	76.3	95.0	183.3	119.7	113.0
June	110.7	106.5	49.6	83.8	80.7	83.4	180.0	138.6	110.0
July	112.7	110.9	48.5	86.1	58.9	85.7	177.6	127.7	109.1
August	116.7	111.3	52.5	82.3	81.0	82.9	175 5	153.1	115.4
September	110.7	107.0	52.1	97.7	71.2	82.1	172.9	142.8	110.4
October	112.3	107.8	42.4	95.1	69.7	80.0	171.2	142.4	109.8
November	117.2	110.7	58.6	91.9	73.5	86.9	172.7	152.1	116.7
December	121.2	124.1	49.5	104.2	89.9	82.7	177.0	151.0	117.6
January	122.6	142.2	60.4	96.9	80.6	92.6	181.2	140.0	119.8
February	115.7	123.2	45.7	101.3	66.1	89.2	186.7	150.6	113.6
March	117.6	136.4	55.1	105.5	92.7	98.8	203.6	161.9	123.3
1952-53									
April	119.5	121.2	42.4	102.5	84.2	89.6	203.7	130.1	114.7
May	119.1	118.3	60.6	101.3	88.5	88.7	207.3	143.4	118.2
June	115.3	94.0	61.3	102.0	86.0	77.2	201.2	154.7	112.3
July	126.2	90.4	66.0	91.7	88.6	87.7	192.0	156.7	122.4
August	120.9	97.3	70.5	78.6	92.8	73.5	185.6	128.1	111.1
September	118.4	75.6	62.1	96.1	87.6	77.0	183.4	139.2	111.9
October	121.7	75.4	66.8	76.7	108.7	78.3	183.4	136.6	113.4
November	124.3	65.0	54.1	72.5	101.1	73.6	185.4	131.2	110.9
December	128.7	71.9	63.6	74.6	109.5	83.8	193.0	152 5	120.8
January	125.6	70.3	61.2	90.6	108.0	82.2	198.7	149.0	118 5
February	116.2	65.1	54.5	75.9	90.7	77.2	199.0	150.0e	114.8
March	120.9	82.3	68.2	91.6	105.3	90.4	199.1	150.0e	119.6
1953-54									
April	120.1	100.0	53.9	104.7	113.3	86.4	203.4	150.0e	118.5
May	121.3	95.7	56.6	89.6	109.8	77.2	197.8	150.0e	116.3
June	119.1	84.5	52.7	91.6	105.4	74.9	192 4	150.0e	113.9
July	119.0	84.5	53.5	93.9	109.1	79.3	184.6	150.0e	114.9
August	118.2	84.0	51.5	90.0e	105.0e	67.5	179.4	150.0e	110.9

e Estimated

a Average of months



MAINLAND CHINA : DISTRIBUTION OF THE VALUE OF EXPORTS AND IMPORTS

(In Percentages)

EXPORTS	1936	1937	1950	IMPORTS	1936	1937	1950
FOOD	11.7	10.6	16.3	FOOD, DRINK AND TOBACCO ..	12.7	11.8	3.0
Casings	1.0	0.9	1.2	Animal products, Canned food, Groceries	1.1	1.2	..
Eggs and Egg products ..	3.8	4.0	4.7	Fishery and Sea products	1.9	1.9	..
Grains, Coarse	3,1	2.2	2.3	Fruits, Seeds and Vegetables ..	1.0	0.9	..
Hogs, living	0.4	0.4	2.3	Rice and paddy ..	2.3	2.6	1.0
Rice and paddy	..	..	1.2	Sugar ..	3.2	2.5	2.0
Tea, Green and Black ..	2.6	2.2	3.3	Tobacco ..	1.4	1.6	..
Vegetables	0.8	0.9	1.3	Wheat Flour ..	1.8	1.1	..
RAW MATERIALS	40.9	43.6	42.4	RAW MATERIALS ..	6.4	5.0	29.5
Bean Cake	4.0	4.0	1.6	Cotton, Raw ..	3.3	2.5	18.0
Cotton, waste	0.6	0.5	1.0	Rubber, crude ..	0.6	0.5	11.5
Feathers	0.5	0.7	1.0	Timber ..	2.5	2.0	..
Hides and Skins	4.0	4.4	2.0	MINERAL OILS ..	5.9	6.5	8.4
Hog Bristles	2.5	2.5	6.7	Gasoline, diesel oil and kerosene ..	5.3	5.9	6.2
Pea Nuts, Shelled	1.7	1.6	4.7	Lubricating oils ..	0.6	0.6	2.2
Raw Silk, white	2.7	3.0	2.0	CHEMICALS ..	5.3	5.6	10.3
Soyabeans	16.7	15.9	14.4	Ammonium Sulphate ..	0.9	1.1	2.0
Wool, goat's	0.5	0.4	1.1	Aniline Dyes ..	1.1	1.0	2.0
Wool, sheep's	1.4	1.6	4.1	Pharmaceuticals ..	1.1	1.1	4.0
Coal	3.2	3.0	1,2	Other Chemicals ..	2.2	2.4	2.3
Tin	2.3	3.0	1.2	MACHINERY & METALS ..	25.2	27.0	26.1
Tungsten ore	0.8	3.0	1.4	Machinery ..	5.6	6.5	8.3
ANIMAL & VEGITABLE OILS & FATS	11.8	13.7	13.9	Vehicles and Vessels ..	5.9	4.9	3.2
Tung oil	6.4	6.7	7.0	Electric Cables and Wires ..	0.8	1.1	1.5
Fats and oils excluding Tung oil	3.7	5.3	5.4	Copper ..	0.5	0.8	1.8
IRON, STEEL & PRODUCTS INCLUDING ORE ..	1.7	1.7	1.5	Iron and steel ..	8.3	10,2	11.3
OTHERS	35.6	32.1	27.4	Miscellaneous Metal Manufactures ..	4.1	3.5	..
TOTAL	100.0	100.0	100.0	OTHER MANUFACTURES ..	20.8	21.7	5.5
				Piece Goods, Cotton, Wool, Silk and Manufactures thereof ..	14.4	14.5	..
				Books, Paper, Wood pulp Excluding Printing Paper ..	4.0	4.1	..
				Paper, Printing ..	1.4	1.7	1.3
				Auto Tyres and Tubes ..	0.3	0.5	1.2
				Gunny Bags, new ..	0.7	0.9	3.0
				Others ..	23.7	22.4	17.2
				TOTAL	100.0	100.0	100.0

GOVERNMENT REVENUE AND EXPENDITURE, 1950-53

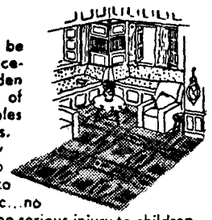
(PBY 1,000 million)

	1950	%	1951	%	1952	%	1953	%
Taxes ..	48978	70.6	81128	57.1	96218	50.9	114685	49.1
Receipts from State Enterprises ..	8695	12.5	30537	21.5	46579	24.6	69985	30.0
Credit loans and Insurances ..	3276	4.7	5679	4.0	2510	1.3	10280	4.4
Other Items ..	8485	12.2	24739	17.4	43971	23.2	38549	16.5
Total Revenue	69434	100.0	142083	100.0	189278	100.0	233499	100.0
National Economic Construction ..	17356	25.5	35109	29.5	73070	44.8	103527	44.3
Social, Cultural & Educational Projects ..	7552	11.1	13437	11.3	22333	13.7	34807	14.9
National Defence ..	28273	41.5	50605	42.5	42777	26.2	52254	22.4
State Administration ..	13132	19.3	17455	14.7	19337	11.8	23780	10.2
Others ..	1767	2.6	2413	2.0	5702	3.5	19131	8.2
Total Expenditure	68080	100:0	119019	100.0	163219	100.0	233499	100.0
Budget surplus (+) or deficit (—) ..	+1354		+23019		+26059		—	
% of above in Total Expenditure ..	2.0		19.3		16.0		—	

Source: Economic Bulletin for Asia and the Far East.

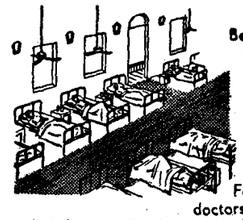
LINOLEUM—
The Versatile Floor Covering...

HOMES :



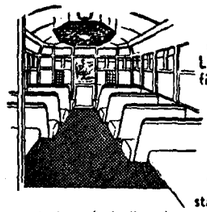
Linoleum can be laid on a simple cement or wooden floor in place of expensive marbles or mosaic floors. It is extremely comfortable to walk on easy to clean ..hygienic...no jarring noises, no serious injury to children even if they fall. Linoleum adds colour and brightness to the home, safeguards health, promotes quiet.

HOSPITALS :



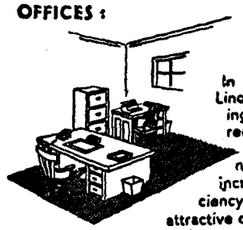
Being an hygienic, synthetic material, Linoleum is obviously an ideal floor-covering for hospitals and clinics. For nurses and doctors constantly on their feet, its "cushioning action" is a great boon ; for the patients, no more disturbing noises from clattering feet.

PUBLIC TRANSPORT :



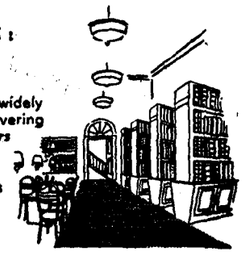
Tough, durable and easy to clean, Linoleum is the first choice for installation in public conveyances. Railway carriages, tram cars, buses.. Linoleum stands up to the strain. In India where so much luggage is carried in railway compartments, Linoleum seldom scratches or gets torn.

OFFICES :



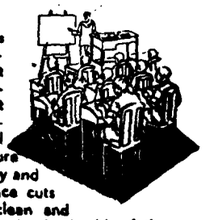
In the office Linoleum flooring effectively reduces noise and personnel fatigue, increases efficiency. For an attractive office maintained at low cost, Linoleum as a floor-covering is a real, long-term investment bringing everyday returns.

LIBRARIES :



Linoleum is widely used for covering *library floors* because it minimises noise, makes for that quiet atmosphere so essential for concentration. No more screeching chairs or clattering feet.

SCHOOLS :



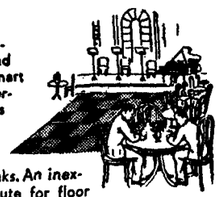
Because it reduces noise and contributes to a bright atmosphere Linoleum is a most effective floor-covering for school rooms and lecture halls. Its durability and ease of maintenance cuts costs. Easy to clean and hygienic it safeguards the health of the youngsters. Particularly suitable for gymnasiums and recreation rooms.

SHOPS :



For effective decoration of shop interiors Linoleum *is unrivalled*. It stands up to the heavy traffic on shop floors and the constant use of counters. Wash it clean at shutting-up time, and have a bright, new floor the next morning.

HOTELS AND RESTAURANTS :



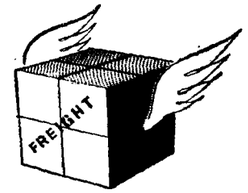
Hotel managements have found in Linoleum a smart and durable floor-covering that is easy to clean and does not soil from spilled food or drinks. An inexpensive substitute for floor rugs and carpets, and a more efficient floor-covering than either.

Because of its resiliency, durability and economy Linoleum has become the world's most preferred floor-covering. We now offer this modern floor-covering in a wide range of patterns and vivid colours. Besides specialising in laying we can also suggest artistic flobr designs to suit individual tastes and needs. Consult us or see our distributers today !

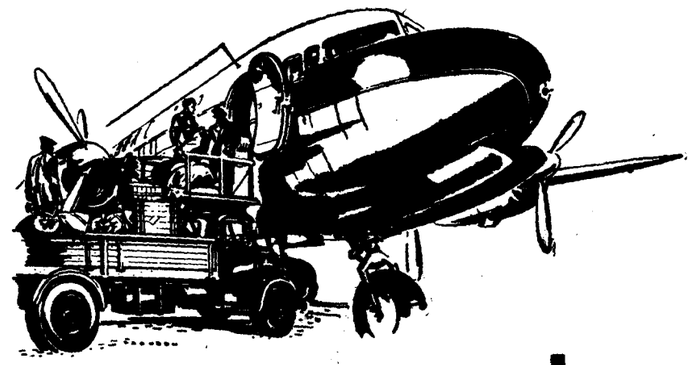
INDIA LINOLEUMS LIMITED

8, ROYAL EXCHANGE PLACE, CALCUTTA-1

Sales through the air



with the greatest of ease



From DELHI THREE TIMES A WEEK to EUROPE and AMERICA

FREQUENT FLIGHTS TO ALL DESTINATIONS THROUGHOUT THE WORLD

For complete information write to your local B.O.A.C. Forwarding Agent or B.O.A.C., Freight Section, Speedbird House, Service Road, Connaught Pl. New Delhi. Phone: 7356, 43978, 44334 and 44787.

FLY YOUR FREIGHT BY B·O·A·C

BRITISH OVERSEAS AIRWAYS CORPORATION

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

AIR FREIGHT EDITION

SECRETARIAT LIBRARY 27 JAN 1954 GOVERNMENT

THE Eastern Economist

VOL. XXII. NO. 4. NEW DELHI: JANUARY 22, 1954. ONE RUPEE

CONTENTS

	Page
LEADING ARTICLES:	
ZERO HOUR AT PAN MUN JON	113
THE SYDNEY CONFERENCE	115
INDIA AND CEYLON	116
THE WEEK'S NOTES	117
Reconvening the General Assembly; Parliamentary Practice: Housing for the Million; New Schemes for the Five-Year Plan; Site for Steel.	
WORLDGRAM AND NEWS IN BRIEF	119
A WINDOW ON THE WORLD	
Odysseus on "In an Indian Village Today"	123
BOOK REVIEWS	125
A DELHI DIARY	127
SPECIAL ARTICLES:	
THE FREE MARKET IN GOLD	128
SAFETY IN THE AIR	129
THE BUSINESS WORLD:	
The Price of Cement	131
Private Enterprise: An Awakening	131
The Associated Cement Annual Meeting	133
Capital Requirements of the Electricity Industry	134
BUSINESS NOTES	135
Imports of Woollen Fabrics; Directive on Cotton Consumption; Engineering Industries; Indo-U.S. Steel Agreement—Import and Utilisation Programme; Advertising and the Press; Policy on Foreign Capital; Trends in Tea; The Next Step in Transport; World Bank Loan.	
COMPANY AFFAIRS	139
COMMODITY NEWS AND NOTES	141
CURRENT STATISTICS	146

Zero Hour at Pan Mun Jon

MIDNIGHT on January 22 is zero hour at Pan Mun Jon. It can be taken as certain that at that time the United Nations Command will release the 22,000 prisoners which they received from the Custodian Force on January 20. The Chinese and Northern Commands have not yet indicated what they will do; but there is enough in their letter of protest to show that General Thimayya has been read by the Communists to have yielded to United States pressure. There is no doubt that while India's prestige with the United Nations Command has not been significantly injured by the failure to release the prisoners while in neutral custody; it has been quite otherwise with the Communists. Zero hour at Pan Mun Jon thus brings with it a definite deterioration in Indo-Communist relations. By the Communists, India will be read as having acted

against their interests and in favour of the United Nations. And so, indeed, India has. In this arduous role in the Neutral Nations Commission and the Custodian Force, India has acted in a manner which has enabled the United Nations view, by and large, to prevail.

Because there will be charges and countercharges now, it is necessary to emphasise that this is the result of the merits of this particular case, and not any ideological leanings in the Cold War. What are the facts? Article 11 of the terms of reference of the Neutral Nations Repatriation Commission, contained in the annexe to the Korean armistice agreement, explicitly lays down that the NNRC must restore all prisoners in its custody to civilian status and let them free as from January 22. The Article reads: "The NNRC shall declare the relief from prisoners-of-war status to civilian status of any prisoners-of-war, who have not exercised their right to be repatriated and for whom no other disposition has been agreed to by the Political Conference within 120 days after the NNRC has assumed their custody."

The United States and the United Kingdom are insistent that release was not dependent on the allocation of full time for explanations or on the holding of a Political Conference. The Communists, on the other hand, maintain that the provisions for release were conditional on both explanations and a political conference. The Article quoted certainly does not justify the Communist interpretation on explanations; but there exists, by the inclusion of the Political Conference in the latter part of this Article, some doubt as to whether the holding of a Political Conference was a condition precedent to release by the Neutral Nations Commission. Different readers—possibly because of nationality—will read this Article differently. In India, the reading of this Article entirely supports the interpretation placed upon the clause by General Thimayya, Chairman of the Neutral Nations Commission.

According to General Thimayya, the Neutral Nations Commission has no competence either to release prisoners-of-war, or to declare relief from prisoners-of-war to civilian status, or to continue custody beyond January 23. Since the Neutral Nations Commission has, under Article 24 of the armistice agreement, the right of interpretation of the terms of reference of the Custodian Force, the ruling of the Commission must be considered as final. Neither the United Nations nor the Communist Commands have authority to interpret the terms of reference. And thus, while a nice debate can certainly be raised as to the extent to which General Thimayya's interpretation reflects the spirit of the agreement, no debate is necessary or desirable. Where in a legal document a specific provision exists in respect of the agent responsible for interpretation, no dispute can arise. General Thimayya's interpretation must be accepted as final, however much it may be resented. This is no more than saying that the decision of a supreme court shall prevail and be acceptable, no matter whether it is technically right or wrong.

The absence of this agreement to the exercise of a final ruling by the Neutral Nations Commission shows the extent to which the ideological war is still at work. Neither side has been willing to surrender its right of interpretation to the Neutral Nations Commission, in spite of the fact that there is a written undertaking to allow the Commission to interpret its own terms of reference. The salutary rule that where a judge has been appointed, neither litigant should attempt to influence the course of judgment by unwarranted pressure has been studiously ignored. The Neutral Nations Commission has operated under a shower of brickbats which has greatly increased its difficulties which were at all times large.

There should now at least be some bouquets. There is no decision of the Chairman of the Neutral Nations Commission which has not flown from an attitude of strict impartiality, such as could be clearly seen by unbiassed minds. The high regard that General Thimayya and his men have won all the world over reflects this fact that they have been able to create the impression that they were in fact impartial. There should not now be any suggestion in India that the Custodian Force has failed in any of its arduous duties. There are, of course, both sides of the Cold War reflected in India. It is hoped that these loyalties will not blind Indian nationals to their obvious duty which is, having satisfied themselves of the impartiality of their representatives, to accept without querulousness the decisions these representatives have made in exercise of their due discretion on the spot.

What then are the conclusions to be drawn from this unhappy piece? In the first place, that with the best will in the world and with one of the finest and most impartial agencies used in an international dispute, we have not succeeded in fulfilling expectations. Secondly, our neutral role has not been of any advantage to ourselves. The complicated decisions which had to be made have tended to displease both sides and now, as the unhappy chapter ends, our relations with Communist China have been somewhat strained. Thirdly, we are now more heavily involved in the Cold War by reason of the fact that decisions unpalatable to either or both sides have been made and enforced by us; we were acting this time, not merely voting. For a country seeking non-involvement, it is obviously unwise for us to go on seeking additional commitments such as this.

Has peace been assisted? Is not India losing by a process of involvement more and more her capacity to function as a bridge in the Cold War? And is not her increasing international isolation depriving her of valuable alliances at a time when pressure on her frontiers is certainly increasing?

One of the great disadvantages of the pre-eminence of the Prime Minister in the political life of India today happens to be the uncritical acceptance of so much that he does in the field of India's foreign policy. Is anything significant being done today to prevent a further deterioration in Indo-Pakistan and Indo-American relations? It is certainly true that both Pakistan and the United States have erred seriously in moving precipitously towards a military alliance; but it is the essence of foreign policy that it has the power to influence and to restrain. Why have we today so little capacity to influence Pakistan or the United States to refrain from action which is obviously unpalatable to us. Part of the answer has certainly been an undue deference to possible enemies at the expense of possible friends.

As our men come home from Korea, armed with the new experience they have gained, the country should pay a tribute to them not in empty words but in a real determination to study the facts of international life with a new understanding of the risks to our security which our foreign policy has tended to enlarge. Mere independence in foreign affairs is of no value in itself. Peace at any price is also not a policy for the world any more than it is for Kashmir; policy must be related to principle and national interest. In the last six months there has been a considerable loss to Indian prestige in the Free World. Worse, there has been some weakening in all our alliances; meanwhile, the strength of at least one unfriendly neighbour has increased. What moves in foreign policy are designed to arrest the deterioration which has occurred? The country has a right to know if any positive action is now contemplated.

The Sydney Conference

THE sterling area's periodical conference has just broken up, but it is far from being clear exactly how much it achieved. On the other hand, the official communique, which was issued last week on the conclusion of the Commonwealth finance ministers' meeting in Sydney, is somewhat confusing, although it reflects very correctly, perhaps, the trend of the discussions which preceded it. The communique can be made literally to mean almost anything.

It attempts to set out the greatest common measure of agreement within a conference, at which the undeveloped countries seem to have been very vocal for the first time, being represented by Ceylon. Since the countries which were represented could have reached an agreement only as a result of a compromise, the independent members of the sterling area naturally giving first priority to development, while the United Kingdom itself was equally naturally interested in convertibility, the communique reflects the desire to do the best that is possible in the interests of all the countries, in what may after all be uncertain times—with everyone having to counter an American recession or worse.

To be fair to the Finance Ministers, the exceeding complexity of the problems which they had to consider must be admitted. There is, for example, the question of the American recession. Sir Leslie Rowan's suggestion that the sterling area's reserves should be used to fight it proved to be controversial, for the underdeveloped areas have looked upon these reserves as the base on which their development plans are to be built. But the whole discussion was slightly meaningless, when even within the United States itself, not even Senator Douglas admits more than the possibility of a recession, and has reserved judgment on what it may lead to. The efficacy of the United States Administration's policy in the event of a recession will have to be tested, and the sterling area's action or efforts, if any, can, therefore, be only residual.

The American recession could thus be dismissed, with the promise of co-operation with other countries and international institutions. The conference, however, had two other important matters to consider, namely, internal balance and discrimination. British official policy on the first of these two important questions is quite clear, although some non-official economists do not quite endorse it. It is now intended that progress towards convertibility should be made by freeing the markets, deflating excess demand, and by the use of orthodox monetary policy. The comparative disappearance of commodity shunting and the consequent firming up of the free rates for sterling all over the world recently have been held to prove this policy. If everything is normal, therefore, if no slump materialises, and if the Randall Commission in the United States makes the appropriate recommendations, it will soon be time to bring the convertibility plan drawn up at the Chateau Muette up-to-date.

The United Kingdom is in a mood, therefore, to commend this policy of internal balance to the others. But the objective of internal balance, if it conflicts with the needs of development as it may, will not be welcome to the undeveloped areas. Interests, therefore, are likely to clash.

The other thorny point is discrimination. Article 9 of the Anglo-American financial agreement laid down the principle. Since then, quite a few Americans have been worried even about the regionalism that has been promoted by the O.E.E.C. and the E.P.U., and discrimination is, and remains, a lost cause. The declaration of adherence to non-discrimination in the communique issued by the Sydney conference is not, therefore, accidental. But on the other hand, in England now, there is growing academic opinion in favour of discrimination, led by influential economists; and after all, the test of the finance ministers' declaration will be the reaction of the Commonwealth in the event of either of two developments, namely, either an American depression, or the experience of convertibility, if the later should prove the case for discrimination against the United States.

The case for discrimination is pressed by two influential groups in the United Kingdom at the present time. There are the revivalists of empire, who believe in the integration of the Commonwealth as a principle; and there are those who believe that convertibility, together with the right to discriminate, is much better than an inconvertible pound, the sellers of which outnumber the buyers, because Britain cannot export and pay its way round, discriminating against the dollar, if necessary. There can be little doubt, whatever official policy today may be, that convertibility plans will begin to seem much more attractive to Britain, if only discrimination can be allowed. But, at the same time, some Commonwealth countries, like India, have been against the extension of the British preferential system, partly because of prejudice, but partly also because the economies of countries, which have still to develop, have little to gain, from arrangements which restrain free trade and promote high-cost regional groupings.

The differences of opinion on these matters may seem at first sight to have been irreconcilable. If convertibility is the prior aim, then obviously the British official prescription, namely, a certain measure of healthy deflation, and development promoted with the sterling area's balance of payments primarily in view, would seem to be unquestionably right. Even this official view may not go far enough. In addition, those who are claiming the right to discriminate may also be right. How is this British view to be rebutted? The answer seems to have been provided at Sydney.

It is possible to progress towards convertibility, while the development of the independent countries of the sterling area is not sacrified, if certain conditions are fulfilled, namely, if the United Kingdom enlarges its net exportable capacity, if a rehabilitation fund can be provided to underwrite sterling convertibility, if the developing economies pursue sound monetary policies consistent with their objectives and the United States liberalises its trade policy, and if, on top of all this, world investment is promoted. This string of conditions contains too many ifs. But it is a policy on which the whole Commonwealth can agree. More pertinently than even that, some progress has actually been possible recently on these lines.

The United Kingdom is now opening its capital markets for loans intended to finance the sterling area's development; and it has arranged with the World Bank to lend to these areas a substantial portion of its paid-in capital. The Fund has also just liberalised the conditions for its stand-by credit. Inflation has now been controlled throughout the sterling area; and, of course, the condition precedent for sterling convertibility, as the British see it, is the flow of investment from the dollar area and this condition still stands. The Sydney conference's communique may be just a reiteration of these wider objectives, which incidentally have convertibility as the ultimate goal, rather than of the more limited objective of a dash for freedom and convertibility first and anyhow.

India and Ceylon

THE Indo-Ceylon negotiations in New Delhi on the question of the citizenship rights of the Indian residents in Ceylon appear to have greatly disappointed hopes in India. Much of this disappointment has arisen plainly and simply because public opinion in India was unaware of the extremely limited range within which, because of public opinion in Ceylon, any Prime Minister of Ceylon can manoeuvre. To those who know the tremendous resistance in Ceylon to any generous settlement of the Indian citizenship issue, it is the spirit of the present agreement and not its letter which will be heartening. The presumption now is (for the first time) that the Ceylon Citizenship Act will be administered in a liberal spirit in the next two years in which registrations will be completed, although neither side is committed to accept any specific figure for such registration. The status of those not so registered as citizens has, it is true, been left undecided. There is, however, no insistence on their repatriation and presumably that question will not arise until those denied Ceylon citizenship actually choose to register themselves as Indian citizens. On the one hand, the Government of Ceylon propose to offer inducements to encourage persons to seek Indian citizenship; on the other, the Government of India will not only offer no objection but also actually provide some special facilities.

The position is a little less uncertain than it was before; it will, however, remain uncertain for the next two years until the completion of the process of registration and the response to the inducements to be offered. The actual status of those granted citizenship rights by the next general elections in 1957 need not worry us seriously. Where the Indians in any constituency are less than 250, they have to vote with the rest; where they are in larger numbers they will be placed in a separate register but be entitled to separate representation in the Lower House for ten years, their quota being determined in consultation with the Indian Prime Minister. The assurance of close consultations between the two Prime Ministers—whether there is any significance in avoiding mention of the two Governments as such is not clear—is the chief guarantee now available that due regard will be paid to the Indian point of view on the developments from time to time. Indirectly, it implies that India will have to demonstrate the satisfactory working of the assurances on the checking of illicit immigration, which has been incorporated as the first and more prominent half of the Prime Ministers' agreement.

So far as the attitude towards the illicit immigrant is concerned there can be no difference of opinion between the two countries. The Ceylon Government has been permitted to go ahead with its legislation which throws the onus of proof on the accused to prove that he is not an illicit immigrant. The concurrence of the Indian High Commissioner that a prima facie case exists for such prosecution should provide the required opportunity to safeguard against undue or indiscriminate harassment. Only actual experience will prove whether the test of illicit immigration now accepted provides a workable basis for dealing with this problem.

The proof of the working of the agreement would thus lie only in the manner of its actual implementation. If a substantial class of Stateless citizens is created the agreement would be devoid of any merit. There can be no answer yet to the question whether, with the facilities for registration as Ceylon citizens on the one hand and as Indian citizens on the other, the assumption is that anyone who fails to qualify either way deserves to remain Stateless. The hints thrown out recently in Ceylon by Sir John Kotelawala, that a class of 'denizens' with franchise rights may be created, apparently show the directions in which solutions may be attempted for the intermediate class of persons. These should require clarification. It should also be definitely understood that the inducements proposed to be offered by the Ceylon Government would in no event apply to those eligible to Ceylon citizenship under the present scheme of registration. Mr. Nehru has not failed to underline the point that "we have not finally solved these problems" because it was felt that "we would be on safe and sounder grounds to go a few steps now and a few steps later on". The only guarantee of a fair solution eventually now lies in the expression of Mr. Nehru's belief that the foundations have now been laid for a friendly settlement "which will involve as little trouble to other human beings as possible."

Only a mood of complete trust in the sincerity of the Ceylon Government to achieve a just solution could have helped such an agreement. Perhaps more than one cause contributed to the development of that trust. The Prime Minister of Ceylon refrained from taking the chauvinistic approach of his predecessors of regarding the Indians as an alien and unassimilable minority, inimical to the growth of Ceylonese nationhood. But the conclusion cannot be resisted that a far more decisive factor which contributed to the present outcome was Mr. Nehru's discovery that in Sir John Kotelawala, there was an echo of his own sentiments on the character of the awakening in Asia and of the need for solidarity and unity in dealing with the problems of the region.

The time was psychologically propitious because the Ceylon Prime Minister's approach stood in strong contrast to the determination of Pakistan to seek solutions independently of the feelings aroused by her policies in the countries of this region. Sir John Kotelawala's method of approach was equally appropriate as the talks were preceded by the suggestion for constant consultations among South Asian Prime Ministers on common problems. This initiative seemed to give the lie direct to those who, like Senator Knowland, would question the existence of a particularly common approach in Asia to the international questions of the day. There is, of course, the fact that Pakistan is as much an integral part of the Ceylon Prime Minister's scheme as any other country, and there is no evidence yet that Pakistan can just now fully subscribe to the sentiment expressed by Sir John Kotelawala in his broadcast from Delhi on Monday to the following effect:

> "We all recognise that to strengthen our lands, not weapons of destruction but arms and hands of construction, encouragement of increased yields of crops, better housing and a better standard of education and living are needed; these are the cannons which will win for us our true liberty".

And thus the understanding that has come between India and Ceylon rests on a much wider basis than the issue of citizenship. It has its virtues and demerits. The virtue would lie in the fact that two countries which can merge their identity in a larger purpose cannot seriously disagree on their minor problems. The drawbacks can become apparent when such a wider purpose fails to enthuse sufficiently. But in such a context there is perhaps no hope for the smaller problem either, as past experience has taught us. That makes it imperative that the two countries should make the utmost use of the honeymoon phase of the present alliance to solve their outstanding differences.

THE WEEK'S NOTES

RECONVENING THE U.N. GENERAL ASSEMBLY

The prospects of a meeting of the U.N. General Assembly in February are still uncertain. So far only a few States have concurred with the Indian request for reconvening the session on the 9th February. Mrs. Pandit indicated at a Press conference in New Delhi this week, that the extension of the time for reply until the 29th is likely to secure the concurrence of a majority of the members. There has been some misunderstanding over the statement in the letter to the member-nations that the absence of any reply from them before the 22nd would be presumed to be concurrence. Apparently this clause was without precedent, as it can be argued that the positive acceptance of a majority of the member-nations would be necessary to complete the formality for reconvening the Assembly. It might, therefore, be impracticable now to proceed on the basis that the absence of a reply before the 29th could be construed as consent. But, meanwhile, the developments in Korea may persuade a sufficient number to vote in favour of a meeting by the 9th February.

If the N.N.R.C. should play any further part in Korea, obviously a meeting would be desirable before it is dissolved before the 23rd February. At the moment, however, the main question that is facing the Commission is the disposition of the prisoners of war who have not opted for either side and of the prisoners of the North Camp, if no arrangements are made by the Northern Command to take charge of them from the C.F.I. In any case, the actual problems involved in relation to the question of the prisoners of war will not be known for about a week more. Those that remain by the date proposed for the meeting of the General Assembly may prove of less importance than the general settlement of the Korean question through a Political Conference. If the two Commands meanwhile attempt to thrash out this matter once again, the Assembly may have to meet later than proposed.

PARLIAMENTARY PRACTICE

Each parliamentary recess has, of late, been bringing forth many significant additions to the rules of procedure of the House of the People. They have gradually enlarged the scope of the members' rights of discussion and participation in the determination of policy. The latest of such amendments of the rules seeks to provide scope for the public also to petition Parliament and seek redress. Such petitions may now be presented to the House, either through a member or direct, on a Bill introduced in the House or published or on any other matter connected with the business pending before the House or any matter of general public interest. The last provision is, however, subject to the exclusion of matters directly within the cognizance of courts and tribunals or of State legislatures or for which other avenues of redress are provided. A Committee on Petitions to be set up by the Speaker will examine each petition and present a report to the House after taking evidence. There is of course the possibility that this procedure may be misused to create a large volume of work for the Secretariat and the Committee, especially by political organizations which have made a fine art of collecting signatures by the million. The restriction that such petitions should only be in Hindi or English, or if otherwise, should be accompanied by a translation may also facilitate abuse, apart from violating Article 350 of the Constitution.

Opportunity will also be given, under other rules now added, to members to call attention to a matter of urgent public importance to elicit a statement from the Minister concerned, immediately or later, without being followed by a debate. This is different from the opportunity already available, under Chapter VIII A added last October, to any member to raise discussions on matters of urgent public importance. A new chapter has now been added to regulate resolutions under Article 94 of the Constitution for the removal of a Speaker or a Deputy Speaker from office. On a motion for taking the Finance Bill into consideration, discussion may be permitted on matters of general importance besides monetary and financial policy. A fresh Committee has been set up to consider the absence of members from the sittings of the House and their applications for leave of absence with a view to seeing whether absence should be condoned or a member's seat should be declared vacant.

The new rules also enable secret sittings of the House of the People on the motion of the Leader of the House, with access only for the members of the Council of States to the galleries or for such other persons as authorised by the Speaker. Persons present at such sessions are prohibited from taking down or issuing any report of the proceedings, any such disclosures being treated as breach of privilege. These provisions are of much less immediate interest than the rules framed for the discussion of regulations, rules, by-laws, etc., made under the constitutional or statutory delegated authority and laid before the House for concurrence, corresponding to the prayer motions in the House of Commons.

HOUSING FOR THE MILLION

The President's speech at the opening of the International Exhibition on Low-Cost Housing contained the appropriate quotation from Bacon: "Houses are built to live in, more than to look at: therefore let use be preferred before uniformity, except where both may be had". The outstanding feature of the exhibition is the low cost of the houses exhibited, which ranges from Rs. 1,700 to Rs. 5,000, the latter being the ceiling prescribed for an exhibit. There is the further assurance that the model houses cater to all kinds of climatic conditions as well as rural and urban environments. Such an exhibition can only be the starting point of a much wider and broad-based effort to demonstrate the possibility of construction of such cheap houses all over this country and in the other countries of this region with similar housing needs. Thereafter must begin the task of making available, at the prices now assumed for the various components, all the necessary materials, whether locally available or capable of being fabricated and distributed through large-scale manufacture. If there is to be a long interval between this demonstration and the assimilation of the new techniques by those who are anxious to build and can afford the modest outlay, the Delhi Exhibition would not have served its purpose.

While the incentive to build and the willingness to adopt new techniques will depend largely on the individual anxious to have a house, the methods of encouraging him must be studied as a social technique. The U.N. seminar—which will be holding its sessions concurrently with the Exhibition—has here a fit subject to investigate and must devote as much importance to it as to the engineering aspects. The output of literature on the Exhibition which has already been published or broadcast shows the volume of enthusiasm which can be harnessed to the consideration of the more detailed questions of dissemination of new techniques. If certain standardized patterns can be evolved, and the manufacture of components can be undertaken by private small-scale industry, the planners can, by grant

of assistance for the establishment of such undertakings, ensure that the problems of marketing and sales are delegated to these manufacturers.

NEW SCHEMES FOR THE FIVE-YEAR PLAN

The details now available of the broad categories of schemes which will be taken up under the recent expansion of the Five-Year Plan do not indicate any substantial change in the proposals indicated by the Minister for Planning in Parliament last month. They are intended primarily to increase the employment potential of the Plan. The schemes on which this additional expenditure would be incurred will fall under four broad categories:

(1) additions in the programmes of the Central Ministries, Rs. 70 crores;

(2) programmes of permanent improvement in scarcity areas, Rs. 40 crores;

(3) additions in the programmes of the State Governments, Rs. 25 crores; and

(4) new programmes for increasing employment especially in the urban areas, the outlay ranging from Rs. 15 to Rs. 40 crores.

The additions to the Central schemes cover projects for the rehabilitation of displaced persons (Rs. 45 crores), road development (Rs. 10 crores), construction of office and residential buildings (Rs. 2.5 crores), health schemes (Rs. 2 crores), agricultural schemes (Rs. 2.16 crores) and the miscellaneous (Rs. 8.24 crores).

The rehabilitation programme for which an allotment of Rs. 35 crores had been made in the Plan for the first three years will thus be increased to Rs. 130 crores and cover the whole period of the Plan. In addition to housing schemes, it is proposed to devote special attention to the development of refugee townships, a number of which have become centres of chronic unemployment. Under the road construction programme certain roads which are either important for inter-State communications or are likely to promote rapid development will be taken up.

It is hoped that with the completion of the works in scarcity areas, local purchasing power will expand and the areas will develop greater capacity to start future development programmes. The programmes extend to twelve States and will be financed by loans from the Central Government repayable over a period of 30 years. These loans will be interest free for the first five years.

The main fields of development to which funds have been allotted to States for their plans are: Power Development (Rs. 9.1 crores); Roads and Road Transport (Rs. 8.1 crores); Irrigation (Rs. 3.5 crores); Housing (Rs. 1.5 crores); Social Services (Rs. 1.8 crores); and Industry and Technical Training (Rs. 1.1 crores).

The last category will include the following schemes:

(1) Assistance in setting up State Financial Corporations for small-scale and cottage industries (over and above the provision in the Plan).

(2) Provision of additional thermal plants in urban areas.

(3) Loans for housing programmes for low income municipal and government employees and for co-operative housing.

(4) Financial assistance for the development of road transport services.

(5) Work and training camps, apprenticeship and reorientation courses.

(6) Implementation of the recommendations of the Standing Education Commission relating to the diversification of courses, introduction of crafts, improvement of teaching of science, etc.

SITE FOR STEEL

Keen inter-State rivalry has been created over the choice of a site for the new steel project. The Government of West Bengal has presented a strong case for the choice of Durgapur in the Lower Damodar Valley. Though a spokesman of the Government of India indicated last month that the choice lay between four sites—Sindri, Bilhai, Rourkela and Durgapur—it is widely assumed that only the last two will deadheat in the race for the prize. The result has been to create a good deal of bitterness, added to disappointment in Madhya Pradesh. The matter was discussed at length in the M.P. Legislative Assembly and an indignant memorandum to the Central Government appears to have been submitted by the State Government. It is not known whether apart from the charges of neglect of the case for Madhya Pradesh, any argument on merits has been drawn up. But the difficulty about any such case by a State Government is that it is bound to present a one-sided picture. The various assumptions on costs and facilities cannot be either proved or disproved except by the technical experts. This applies as well to the case made out by West Bengal. There is no reason to believe that the Government of India will not insist on the experts explaining the various considerations for and against each of the four sites proposed so that the decision taken ultimately may be defended on the right grounds.

It would be hardly proper for State Governments to work up political feelings in a matter which is at present in the technical stages and in which public opinion cannot judge properly. One set of pressures creates another to breed unhealthy rivalry and suspicion. This is not the last of the steel projects to be started; a second steel project has already been indicated in the next Plan. The technical experts are hard-headed business men who may be trusted to fulfil their contract for the selection of the most suitable site, just as they have to select the most suitable process, in a responsible manner. If there are equally strong technical advantages in favour of more than one site, so as to create room for political decision by the Government of India, it would be necessary to view the question in the larger context of the balanced economic development of the country. The chief need is to avoid the self-righteousness which comes most easily to the spokesmen on behalf of any one State.

THE HIND BANK LTD.
9, ROYAL EXCHANGE PLACE, CALCUTTA.
FOR COMPLETE BANKING SERVICE
SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 20,00,000
Connections in all principal centres of the world
Chairman Mr. K. P. GOENKA
General Manager Mr. S. D. PARDIWALLA.

WORLDGRAM

TRADE

U.K. Trade Gap Reduced in 1953: United Kingdom exports in 1953 were the same as in the previous year, but sales to North America were 14 per cent higher. The monthly average of United Kingdom exports in the fourth quarter, provisionally estimated at £230,600,000, was higher than in any quarter since the first quarter of 1952. Imports in the fourth quarter of 1953 at a monthly average of £276,800,000 were slightly above the third quarter level and two per cent less than the rate in the first half of the year. The provisional total of United Kingdom exports for 1953 was £2,582 million, the same as the total for 1952. Imports in 1952 totalled £3,347 million—four per cent less than in 1952 and 14 per cent below the 1951 total, but 28 per cent more than in 1950 when they totalled £2,608 million. Re-exports in 1953, at £195,000,000, were 27 per cent less than in 1952. The excess of imports over exports and re-exports at £660,000,000 was 12 per cent less.

* * * * * * *

Record Price for Indian Tea in London: Indian common tea was quoted at 4sh. 4d. a pound at London tea auctions on January 11—a rise of 4d. on the previous sale and a new record level. Better quality teas advanced by 2d. to 3d. a pound at the opening of the market. As the auction progressed prices improved for poorer grades and values were finally raised by 3d. to 4d. all round, compared with last week's prices. Signs of increased consumption both in Britain and the U.S.A. accounted for the strong market, says "The Financial Times". Blenders were understood to be buying against a possible shortage next April or May when the final supplies from the 1953 crop will be coming to the market.

* * * * * * *

Cultivation of Cotton in U.P.: Nearly one lakh acres of land may be brought under an improved variety cotton cultivation in U.P. in the course of the next three years, under a plan of the State Government. The improved variety will replace land under 'desi' variety of cotton and arrest the decline in yields, which has been discouraging the cultivation of cotton. The new variety, called 35/1 showed good results during the year 1953-54 when the target of 15,000 acres was exceeded by over 2,000 acres, dispelling the belief in growers that some changes in the soil and climatic conditions had occurred, which would not permit cotton yields to improve. With the introduction of the new variety, growers are again taking to cotton as an alternate cash crop, wherever it fits in rotation. In 1954-55, it is planned to raise the new variety of cotton over 30,000 acres in selected villages of various districts.

* * * * * * *

Marked Rise in Tobacco Export: Cultivation and processing of the 'golden leaf', tobacco, which earns Rs. 12 to 17 crores in foreign exchange annually, have made rapid strides during the last eight years. The Indian Union is the third largest tobacco-producing country in the world, taking its place next only to the United States of America and China. The total area under tobacco in the Union is estimated to be about 700,000 to 800,000 acres, with a total yield of 50 to 70 crore lbs. Exports which were of the value of Rs. 7,18,45,358 in 1946-47 increased to Rs. 16,75,25,378 in 1951-52. The significant trend in the increase of exports is to be traced largely to the successful working of the export quality control measures under the tobacco grading scheme. The knowledge of 'Agmark' grades in tobacco has now spread to several continental countries.

INDUSTRY

Soviet Fuel Oil for Israel: The Economic Counsellor to the Israeli Foreign Office, Mr. Zey Argamon, stated recently that he had signed an agreement to buy 100,000 tons of Soviet fuel oil for Israel, with the option of purchasing a further 100,000 tons. The value of 100,000 tons of fuel oil was more than 1,000,000 dollars, and it was to be paid for with the proceeds of the 2,500,000 dollars contract signed last December, whereby Israel will supply the Soviet Union with 20,000 tons of oranges and 800 tons of bananas.

* * * * * * *

Search for Oil in Assam: Drilling operations have begun in the Assam Oil Company's probe for oil deposits first noticed at Naharkatiya in the Brahmaputra Valley last year. The well known as Naharkatiya II, is 20 inches in diameter. Provision has been made for drilling to a depth of 10,000 feet. Naharkatiya, I, which oil-prospectors considered unusual due to the occurrence of oil at less than 1,700 feet, has raised high hopes in respect of the commercial potentialities of the Brahmaputra Valley, which is now being subjected to seismic, gravitional and aero-magnetic surveys.

* * * * * * *

Oil Refinery in Aden: A new Anglo-Iranian Oil Company refinery with 5 million tons a year capacity is expected to start operating here before the end of this year. It is estimated to cost £45 million. Some 2 million tons of the refinery's output will be in fuel oil for use in Aden. More refined products will go to East Africa, India, Pakistan and Ceylon. A new harbour is being made for the tankers that will bring crude oil. Engineers are working on a jetty capable of berthing two large tankers. The sand dredged out of the harbour is used to build up the foreshore making more room for the oil town.

FINANCE

British Dollar Reserves Show Decline: The British Treasury announced recently that the sterling area had a gold and dollar deficit of $43 million during December 1953, and that nevertheless the area's gold and dollar reserves of 1953 amounted to $2,518 million as compared with $1,846 million at the end of 1952. Taken into account were receipts of $20 million in defence aid from the U.S.A. and $4 million from the E.P.U. The chief reasons for the deficit were payments by U.K. of $181 million due on U.S.A. and Canadian loans.

* * * * * * *

Bonn Government Plans to Ease Curbs on Dollar Imports: The West German Economics Ministry intends to relax restrictions on dollar imports during 1954, in keeping with its freer trade policy. It is hoped that a more liberal policy will stimulate two-way trade between Germany and the dollar area, and that German importers will benefit by being able to buy in the cheapest market, whether dollar market or otherwise.

* * * * * * *

World Bank Loan to India: The Government of India have accepted the British offer of £5,000,000 recently released from Britain's contribution of £60 millions to the International Bank. The amount, though it will be treated as a loan from the International Bank, will enable India to save dollar expenditure in its repayment as also on its interest charges. Out of this amount £4,500,000 will be earmarked for financing the new steel project and the remainder will be available for other projects.

* * * * * * *

Cut in Commonwealth Development Investment Plan: Britain had originally planned to invest 100 million sterling in development schemes in Common-

wealth countries this year but it is expected that this amount will be cut to half. The overriding necessity is to avoid a slide back into the inflationary conditions which existed throughout the Commonwealth group two years ago. The inflation problem could have a very damaging effect on the British trade drive, the officials believe, and could nullify the progress made since the last Commonwealth Economic Conference in London. The danger of high production costs forcing British goods out of world markets is recognised by most Commonwealth countries. They also realise that British industry must be kept on the top competitive level if any money at all is to be available from London for their own development projects. This will necessitate increased capital expenditure for modernising British manufacturing techniques this year—and less money for Commonwealth development.

* * * * * * *

Monetary Fund Eases Credit Policy: The International Monetary Fund has eased its credit policy to encourage the convertibility of sterling and other currencies. The new policy will make it easier for member-nations seeking free exchange of their own currencies with others to draw on the $3,500 million fund in convertible assets. Until now a country could withdraw a portion of its gold and dollar contribution to the International Monetary Fund. Any further credit granted was subject to review after a period of up to six months. The new policy eliminates the six-month requirements, and it is understood countries seeking convertibility can now ask the Fund to set apart part of its assets for a period of two years or longer. The Fund has also placed no limit on the amount members can borrow as a reserve to meet obligations arising from a decision to make their currencies convertible. Although the Fund is not expected to commit all or even a major portion of its assets to a convertibility move by one country, some quarters believe it might be willing to advance $2,000 million to Britain. Officials believe they cannot undertake the risk of convertibility without: (1) A much greater reserve, or stabilization, fund—possibly as much as $5,000 million. (2) Assurances that U.S. trade policies will be revised to give Britain long-term increased dollar earnings.

* * * * * * *

British Exchequer Loans for Colonial Development: Medium-term loans from the British Exchequer to the Colonial Development Corporation outstanding at March 31, 1953, amounted to £3,975,000, of which £1,400,000 was advanced in the year 1952-53, according to the Comptroller and Auditor General, in a White Paper published in London. The remaining £2,575,000 represented conversions into medium-term loans and advances made previously on a long-term basis. Until May 8, 1952, borrowings of the Corporation by way of advances from the Exchequer under the Overseas Resources Development Act had been for a fixed period of 40 years. On that date authority was given to borrow, in appropriate cases, for a period of 10 years at a lower rate of interest. The arrangement could also be applied retrospectively to certain advances. A Colonial Office statement shows long-term advances to the Corporation totalling £25,829,000 at March 31, 1953, an increase of £5,546,000 compared with £20,283,000 advanced up to March 31, 1952. Short-term advances totalled £610,000 of which payments during the year amounted to £260,000. Of the total of £30,414,000 advanced to the Corporation £30,164,000 is outstanding.

LABOUR

Taft-Hartley Labour Law: President Eisenhower has asked Congress to vote fourteen amendments to the Taft-Hartley Labour Laws. These include one which would compel members of a given trade union to vote on whether they wished to strike. Under another amendment all workers would be required to sign a document stating they were not affiliated to the Communist Party. President Eisenhower also proposed thorough examination of the pension system in private industry. As regards agricultural legislation the President asked in a separate message that Congress should "freeze" the present surplus of agricultural goods totalling some 2,500 million dollars, and that Congress should adopt a more flexible programme of maintaining agricultural prices than that at present followed.

* * * * * * *

Industrial Disputes Bill Assented: The Industrial Disputes (Amendment) Act, 1953, which provides for payment of compensation to workmen in the event of their lay-off or retrenchment has received the assent of the President of India. The provisions relating to lay-offs are based on an agreement entered into between the representatives of employers and workers who attended the 13th session of the Standing Labour Committee. As regards retrenchment, the Act provides that a workman who has been in continuous employment for not less than one year under an employer shall not be retrenched until he has been given one month's notice in writing or one month's wages in lieu of such notice and also a gratuity calculated at fifteen days' average pay for every completed year of service or any part thereof in excess of six months. A similar provision was included in the Labour Relations Bill of 1950 which has since lapsed. Though compensation on the lines provided for in the Bill is given by a number of employers, it is felt that a common standard should be set for all employers.

TRANSPORT

Airlines Carried 50,000,000 Passengers in 1953 for the First Time in History: For the first time in history more than 50 million passengers were carried by air in 1953, according to figures recently released by the International Civil Aviation Organisation. Passengers carried on international and domestic airlines in 1953 totalled 52 million, compared with 25 million in 1937. In 1937 the average number of passengers per aircraft was 5.3; in 1953 it was 24.5. The average distance flown per passenger has increased by 57 per cent in 16 years, from 350 miles in 1937 to 550 miles in 1953. Passengers carried and passenger miles flown were 10 per cent higher than last year, I.C.A.O. reported. The general rate of increase of 1953 figures over the 1952 figures was slightly greater than the increase between 1952 and 1951.

MISCELLANEOUS

Increase in Illegal Drug Traffic: Illegal drug trafficking seems to have increased during the last three years, according to the annual report of the permanent Central Opium Board published recently. The Board repeated its recommendations that the use of herion for medicinal purposes should be curtailed or ended. Legal production of this drug, the one most favoured by addicts, shrank from 3,620 kilos (7,982 lb.) per year in 1929 to 100 kilos (264 lb.) in 1952. Turkey was the biggest opium producer listed in the report for 1952 with 463.6 tons, followed by India with 349.7 tons, Iran with 134.6 tons and the Soviet Union with 104.3 tons.

* * * * * * *

Japan to Extend Technical Aid: Japan will shortly conclude teachnical aid agreements with India and other Asian countries. It is reported that the Foreign Office was planning to inaugurate the proposed Asian Society by the end of January, which will be charged with promoting friendly ties with Asian countries. Reports indicate that the agreement with India would be concluded first. At present there are 200 Japanese technicians in Asia and the number will increase considerably after the conclusion of the pacts. The only Foreign Office comment available was that the matter was under consideration.

NEWS IN BRIEF

INDIAN

India has placed orders with Japan, Germany and Austria for 480 locomotives at an estimated cost of $36 million. These orders have been placed outside the U.K. for the first time.

* * * * * * *

Lt.-Gen. Sir Bennett Hance, Medical Adviser to the Secretary of State for Commonwealth Relations, arrived in New Delhi primarily for discussions in connection with the arrangements being made for medical training and the provision of medical equipment under the Colombo Plan. He is expected to visit East Pakistan, Burma and Ceylon.

* * * * * * *

The Ports of Bombay, Calcutta, Cochin, Madras and Visakhapatnam handled a total cargo of 18,618,351 tons. 2459 accidents, of which 18 were fatal, occurred in these five ports in different processes of work.

* * * * * * *

The U.N. Technical Assistance Administration is organizing a Seminar on housing and community improvement in New Delhi in connection with the International Exhibition on Low-Cost Housing. The Seminar will deal with urban land policies, regional land planning and education of planners.

* * * * * * *

In India out of a total of 837 hosiery factories, Punjab alone has 303 factories. Eighty per cent of the woollen goods manufactured in the country are from the Punjab. Over 5,000 looms are in operation to produce artificial silk and mixed fabrics. At Sonepat, over 185 bicycles are produced daily, apart from accessories.

* * * * * * *

A Rs. 3.36-lakh scheme launched by the U.P. Government provides for an army of medical officers, inoculators, vaccinators, sanitary inspectors etc. for the Kumbh Mela. A general hospital and eight infectious diseases hospitals (total bed strength of 300), have been set up in the Mela area. 7,000 sweepers and trench diggers will keep the whole area clean. The public health arrangements at Kumbh fair are expected to cost the State exchequer about Rs. 17.75 lakhs.

* * * * * * *

There are 3,000 Gaushalas and Pinjrapoles in India, maintaing six lakh head of cattle at an annual cost of about Rs. 7 crores. The key-village scheme under the Five-Year Plan period at an estimated total cost of key-villages and 150 artificial insemination centres at an estimated total cost of Rs. 6 crores. Three hundred and forty key-villages and 109 artificial insemination centres have already been established in the country. One hundred and sixty Gosadans for the care of unproductive cattle are proposed to be set up during the Five-Year Plan period at an estimated total cost of Rs. 194.30 lakhs. The Government of India run three Central Institutes for maintaining high pedigree bulls for genetic and other purposes. Nearly 750 farm-bred bulls of known pedigree are distributed annually by the Central Government in different States for developing draft as well as milch breeds. There are at present 2,000 veterinary dispensaries in the country where treatment is provided for diseased cattle.

* * * * * * *

The All-India Manufacturers' Organisation has recently registered under the Societies Act an industrial foundation, in order to set up an Institute of Industrial Research and Industrial Economic Research. The A.-I.M.O. is shortly expected to publish an export guide, with a view to introducing Indian manufactures to foreign purchasers.

FOREIGN

Production in U.K. of passenger cars is expected to total 600,000 in 1953 (448,000 in 1952). Combined output of cars and commercial vehicles is likely to reach 830,000 as compared to 690,000 in 1952 and 785,000 in 1951.

* * * * * * *

The U.S. aircraft industry, which gets 95 per cent of its business from military orders, is the second largest factory employer in the U.S.A., the car industry coming first. The actual gross turnover for the aircraft industry was $9,000 million; the annual rate of sales reached $10,800 million at the end of 1953.

* * * * * * *

An American Oil Company has signed an agreement with the Philippine Government for building a 13,000 B/D refinery in Bauan, Batangas. The plant which will cost $30 million is expected to be completed and in operation sometime next year.

* * * * * * *

The West German Bundestag (Lower House of Parliament) recently gave approval to the first reading of a Bill altering the constitution to enable West Germany to rearm.

* * * * * * *

Trainees form India, Burma, Jordan and Turkey are among eight successful candidates out of 100 applicants for study grants under the World Bank's sixth annual general training programme. The purpose of the programme is to give an opportunity to students from nations affiliated to the World Bank to study aspects of its operations. The training programme, lasting from mid-January to mid-December 1954 will include studies into the organisation and administration of the International Bank for Reconstruction and Development, its loans, bond marketing and analyses of long-range development projects.

* * * * * * *

Australia is to send a trade mission to Africa and Asia to push sales of her surplus wheat, the Australian Wheat Board Chairman announced in Melbourne. The expected carry over at the end of 1954 is 60 million bushels—enough to supply Australian needs for another year if no more wheat were grown.

* * * * * * *

The production of electric power for public use increased by 4.4 per cent in the year ended September 30, 1953. The increase in the previous year was 4.3 per cent. Seventeen hydro-electric power plants in Switzerland have been enlarged or built, and on completion are expected to raise productive capacity by 25 per cent. It is estimated by the Swiss Bank Corporation that 1,000 million francs will be needed for investment during the next 10 years to develop electric power.

* * * * * * *

The Pakistan Industrial Development Corporation has decided to purchase two British-owned cement factories of the Associated Cement Companies of India at a cost of Rs. 50 million. The Corporation, it is learnt, propose to spend another Rs. 20 million on repairs and expansion of these factories, situated at Wah in Pakistan Punjab and Rohri in Sind.

* * * * * * *

According to the Textile Export Association of the U.S.A., Japan headed the world's textile exports with 900 million sq. yards. India was second with 750 million sq. yards, U.K. third with 700 million sq. yds. and U.S.A. fourth with 600 million sq. yds. Tighter import restrictions more than offset the increase in dollar holdings in foreign markets. Cuts in imports by Peru, Venezuela and Cuba hit U.S.A. exports. Indian and Japanese competition in the Far East also adversely affected U.S.A. market.

FINISH WITH FALSE ECONOMY...

It is false economy to use cheap finishing materials. TRUE ECONOMY lies in using good quality finishes and using them correctly. A good finish will


sell your products faster


make them last longer


protect them during use


bring you repeated orders

I. C. I. (India) Ltd. offer free technical advice on the correct use of

'DUCO' 'DULUX' 'NECOL'

Supreme ICI Paints

NOW MADE IN INDIA

by

THE ALKALI & CHEMICAL CORPORATION OF INDIA LTD.

Sole Selling Agents :

IMPERIAL CHEMICAL INDUSTRIES (INDIA) LTD.

Calcutta Bombay Madras Kanpur New Delhi Ahmedabad Amritsar Bangalore Cochin

Available from I.C.I. appointed stockists and dealers everywhere.

I.C.I. 249

A Window On The World

IN AN INDIAN VILLAGE TODAY

By

ODYSSEUS

WE ARE CONSIDERING some differences between democratic theory and practice in India, between constitutional rights on paper at show level in New Delhi and at ground level in an Indian village. Last week, I summarised the first part of a lecture entitled "The Government and the Village" given to Mysore University by Mr. Allen Beales, an American anthropologist. We saw how the relations between the villagers of Kadduhalli, a representative forest village, and the government were, in Mr. Beales' words, "strained and hostile almost beyond belief". Today, I summarise Mr. Beales' first-hand observations on what constitutional rights look like in Hattarahalli, a representative village near a town, which has felt the full impact of modern administration and education.

Hattarahalli, only 15 miles away from a big town, is very different from Kadduhalli. Not only has a great deal of change occurred but a large proportion of the changes have been brought about by government action. Prior to British rule, Hattarahalli did not differ much from Kadduhalli. The social order was a hierarchy and the village was ruled by a small group of rich old men. The government in pre-British days was not democratic. Mr. Beales calls it "feudal", and if by this he means that it was based on status and not on contract, we need not quarrel with him, although this is not strictly the meaning of the term "feudal", which involves the idea of land held in return for military service. These "feudal" governments left the villagers a large share of the actual work of government. In fact, although Mr. Beales does not say so, the indigenous governments of India were essentially tax-gathering machines and did not touch the day-to-day lives of the villagers, except in so far as there were periodical descents of tax-gatherers. The panchayat was not, as some enthusiasts are apt to claim, a democratic institution, but it was at least an indigenous expression of the cultural and social organisation of the village. It enjoyed full authority and the villagers understood its working. Until 1880, in the particular group of Hattarahallis which Mr. Beales studied, the influence of the central government was little felt. The government was essentially the panchayat.

Around 1880, when British administration began to make itself felt in Hattarahalli, striking changes in the social organisation of the village began to occur. The loosely organised "feudal" system was replaced by a highly organised, paternal bureaucracy which originated in an industrialised nation some thousands of miles away. Even today, in 1954, the State capital, and still more New Delhi, the federal capital, remain thousands of miles away in spirit.

Both the British and British-trained administrators who formed the new government of the Province were in many ways foreign to the people whom they administered. These administrators knew little about the social organisation of the villagers and had little interest in maintaining it intact. Many of the changes that they inaugurated were destructive of the existing order; nor did they replace what they destroyed with anything save a bigger and better bureaucracy.

In 1886, for example, every acre and every tree was surveyed, labelled, and taxed. Instead of taking taxes in grain as previous rulers had, the new administration insisted that the villager should sell his grain in the nearest market and pay his taxes in cash. As Hattarahalli and India in general, in those days, produced an agricultural surplus, the prices realised by the agriculturists were low. Although the villagers had plenty of food and could afford to use butter as lighting fuel, they found it difficult to raise cash for taxes. When they failed to pay, the government auctioned their land to the highest bidder. Sometimes the government gave the land away to any man who was willing to pay taxes for it. In addition, the government claimed all the communally owned village lands and tried to ensure that every square inch was cultivated. Where previously a few rich families had owned all the village land, cultivating it or not as they wished, the government soon acquired control of most of the land and gave it whomsoever would cultivate it.

REVOLUTIONARY CHANGES

The results of this policy on the social structure of the village were revolutionary. Persons who had formerly been tenant farmers, and even serfs, acquired lands, while families which had been wealthy could find no one to cultivate their lands and were forced to sell them to the government. Hattarahalli became a village of small farmers. The social mobility introduced by the new administration led naturally to a weakening of the caste system and of the village social organisation.

The government's unconscious attack on the social organisation of the village did not, however, end with land reforms. Public schools, courts of law, and a police force were set up. Formerly education had been monopolised by members of what Mr. Beales calls the vegetarian castes, by which I suppose that he means the highest castes. At any rate the Brahmins used to have a near-monopoly of traditional education. The new education, says Mr. Beales, aimed largely at producing more and more civil servants, clerks, and school teachers. Mr. Beales is right in thus describing the results of the new education but, in fairness to the British, it is worth recalling that Western education was inaugurated on the insistence of, and with the full support of, Indian leaders, such as Ram Mohan Roy.

By the 1930's, says Mr. Beales, agriculture had become a discredited occupation in Hattarahalli and the aim of every ambitious boy was to become a government officer. By 1953, more than 30 out of 100 families in Hattarahalli were receiving income from relatives employed in government service or in industry. As neither the schools nor the urban employment exchanges paid much attention to the caste system of the village, education added to social mobility and helped to undermine the village's social organisation.

The law courts and the police, like the tax system and the schools, were foreign to the traditional village structure. Previously the law in Hattarahalli had been traditional and informal, based upon the authority and prestige of the village elders. The introduction of police and of law courts which enforced a different code of law, and were independent of the village, profoundly modified the power and prestige of the elders. In weakening their power, the law courts removed most of the customary sanctions which had previously controlled morality and social mobility. This is an example of the negative nature of these changes: for while the power of the elders was destroyed, the police and the law, situated at centres far removed from the village, were almost equally powerless. Philip Woodruff's ex-

cellent "crime" story of village life, "Call the Next Witness", illustrates this point.

A NEW ANGLE ON OVER-POPULATION

By 1953, the old social order had, in Mr. Beales' judgment, been almost entirely destroyed. On the other hand, little had been done to replace the panchayat and the caste system, and many of the changes were for the worse rather than for the better.

The acreage of cultivated village land was greatly increased; the number of cattle had decreased as there was no grazing land; the amount of fertiliser had decreased in proportion to the decrease in the cattle, and although the much larger cultivated area gives a bigger total yield than before, the proportionate yield is less.

Mr. Beales has a new angle of approach to the problem of India's over-population. He points out that when the elders lost their power, the younger generation began insisting that their large joint families be broken up. He states that previously few men were married before they were thirty, while at present most men are married and separated from their families by the age of twenty. This, he says, has led to an increase in the population. He goes on to assert that previously marriages were very expensive and many poor men could not afford marriage until late in life. When land became readily available to almost anyone, the poor of the village became socially mobile and were able to acquire money for marriage. And with the loss of social supervision by the elders, Mr. Beales says that marriages became cheaper and even poor folks were able to marry when young—another factor of increased population.

Mr. Beales' "Hattarahalli" is, of course, a village of Southern India and his facts may be true in the area that he investigated, but the hitherto accepted view has been that teen-age marriages are, and always have been, universal throughout India and that the main cause of the tremendous rise in the population during the last century has not been due to any change in the marriage age but to the elimination of internal wars and (as Mr. Beales goes on to add) to the reduction of plague and the control of famine. Mr. Beales' interesting theory of younger marriages caused by administrative changes should be further tested in other parts of India.

Since neither the village elders nor the police exercised any particular control over the village, and since the economically depressed classes demanded their rights, crimes became increasingly common. As often as not, these crimes went unpunished. The village elders had no power to punish the culprits and the villagers were afraid to complain to the police who knew nothing of village conditions and were as likely to punish the innocent as the guilty.

In the 1930's, for instance, Hattarahalli was dominated by a gang of thieves, who one day entered the garden of a rich man in order to murder him. A bodyguard employed by the rich man killed one of the thieves, who then complained to the police; the bodyguard was arrested. The rich man was able to rescue his bodyguard only by a large bribe.

In 1953, an old man tied a rope round his neck and jumped into a well. The police were called in and announced that murder had been done. Later when they found that no one had any motive and that the villagers were unanimous in thinking that it was a case of suicide, the police changed their minds. The danger of trying to co-operate with the police is obvious.

Few villagers want, however, to return to the "good old days", because whatever evils the new system of government has produced, it has emancipated the young, the middle aged, and some of the poorer people. Hattarahalli has changed from a village dominated by a few old men to one dominated by many middle class farmers, each the head of a small family. The overall change therefore seems for the better.

This and last week's articles have, I hope, given, with Mr. Allen Beales' aid, some insight into the difficulties of making democracy work in the villages. In a final article next week, I shall summarise Mr. Beales' constructive suggestions.



BOOK REVIEWS

THE PRINCIPLES OF MANAGEMENT

The Principles and Practice of Management: Edited by E. F. L. Brech: Longmans Green and Company. In India, Orient Longmans, 17, Chittaranjan Avenue, Calcutta: 50sh. net.

It is claimed that "this book is the first comprehensive British text-book of management in the present generation." Certainly nothing equally elaborate has appeared in India where a book of just this kind is badly needed. This has been a splendid example of integration. If anything, the weakness resides in the fact that the authors have attempted to cover everything from the principles of management to the setting up of production, personnel training, labour problems and the whole problem of accounts and budgetary control all in a single piece. It is not unlikely that the whole work might have been improved if it were set in two or three different books.

The six parts of this book might even have yielded six different books. The first of these might have dealt with the analytical framework within which principles of management could have been set out. There each of the four parts on major divisions of management, distribution, production, management and control, might have been expanded into a book. So also with the section on management in practice in which the story of management and the changes in management in the last fifty years have been described with special reference to British experience.

Not all the conclusions reached for Britain can be translated freely into India. For example, there is a general suggestion on page 732 that a Managing Director should not be Chairman of a Company, on the argument that "all too often a Managing Director serving as Chairman of a committee has to turn down a 'decision' reached by the members, because of aspects of policy which he knows but is not free to disclose." It is argued that "if the very same point were reached by the committee as a 'recommendation' to be transmitted to the chief executive outside of the meeting, the same emotional repercussions do not ensue". But surely this is an argument in favour of placing the authority of the Chairman and Managing Director together and not separating them at all. There is no point in making recommendations which are likely to be viewed unfavourably simply to save "emotional repercussions". There also seems to be an additional argument in India in favour of making a Managing Director a Chairman. There is a real shortage of administrative capacity at the topmost level; and there is no point in a problem's requiring for its solution two executives instead of one.

While, therefore, there is a great deal in this book which is of immediate application to India and while this book should certainly be studied carefully by all senior executives in the country, its strong British setting will need to be kept firmly in mind.

INDIAN FINANCE SILVER JUBILEE NUMBER

The Silver Jubilee Number of 'Indian Finance' serves to provide a landmark in the life of this journal as well as to provide the usual elaborate production expected of an Annual Number. Of these two purposes the first will attract greater attention. 'Indian Finance' has struggled against obstacles which have not weighed heavily against India's other financial journals. In his introduction headed "In Grateful Appreciation", Mr. Rangaswami describes his difficulties by saying that there is an "epigram as old as this journal that 'Indian Finance' has no finance". It is a great tribute to its Managing Director that over 25 years his wonderful enthusiasm and his persistent independence have enabled him to gather the support to enable his paper to grow and to influence policy on some important matters. There is no record of any equal achievement by a single person in financial or, indeed, in any other journalism in this country.

And thus the Silver Jubilee Number should record first a tribute to Mr. C. S. Rangaswami whose proud achievement it is to have carried this journal for 25 years almost entirely on his own shoulders. In the messages which have appropriately been obtained to mark this occasion, this personal tribute is freely bestowed on him by (amongst others) Sir Sarvapalli Radhakrishnan, Vice-President of India; Sir Chintaman D. Deshmukh, the Finance Minister; Mr. V. V. Giri, the Labour Minister; Mr. K. C. Reddy, Minister of Production; Mr. R. G. Saraiya, President of the Federation of Commerce and Industry; Mr. M. Ct. M. Chidambaram Chettiar, Mr. J. R. D. Tata, Sir Purshotamdas Thakurdas, Sir Shri Ram, Sir Vithal N. Chandavarkar, Sir Biren Mookerjee, Sir Homi Mody, Mr. C. H. Bhabha, Sir Chunilal B. Mehta and Mr. K. D. Jalan, and Mr. B. T. Thakur amongst business leaders, and Sir C. P. Ramaswami Aiyar and Mr. C. Rajagopalachari amongst important public men in the country. There is obviously widespread interest in this Jubilee and the occasion has appropriately been taken by people of eminence in many fields to pay tribute to one man's remarkable foresight and persistence. 'The Eastern Economist' joins with many readers of 'Indian Finance' in offering its tribute to Mr. Rangaswami on this happy occasion.

The contents of the Silver Jubilee Number present a varied collection appropriately reflecting the tremendously wide range of interest, which 'Indian Finance' has covered over the last 25 years. Dr. N. Das writes on "Unemployment: An Historical Resume"; Mr. G. L. Bansal on the "Growth of Commercial Organisations in India"; Mr. L. S. Vaidyanathan on "Life Assurance in India"; Dr. A. V. Sukhatme on "Quality Control in the Steel Industry"; Dr. B. V. Narayanaswami Naidu on "The Sericulture Industry" and there are a series of articles apparently by staff writers on the Automobile Industry, Paint Industry, Tea and Coffee Industries, Rubber Manufactures, Sugar Industry and so on. As with all special numbers, there is an abundance of information not all of which can be easily digested. Nevertheless here is a notable production which should find its due place as a reference work on the state of Indian economy today.

EDUCATION IN INDIA

Progress of Education in India: 1947-1952: A Quinquennial Review: Ministry of Education, Government of India: Price Rs. 2-10.

This quinquennial review of education in India fulfils a real need. There is a widespread belief that Education and Public Health have been badly neglected in the period of Independence, and certainly the allocation to welfare activities under these heads in the Central Budget has tended to be small. On the other hand, it is known that the State Governments have

made substantial increases in their allocations. But almost no one will be prepared for the remarkable progress shown in the tables contained in this publication. For example, Table 22 on page 112 shows that the number of students receiving education at university stage has moved up from 183,238 to 283,882 or an advance of something like 75 per cent in five years. The number of universities has increased from 21 to 23 and Arts and Science Colleges from 459 to 488. What these figures imply, therefore, is that overcrowding in colleges continues sharply to increase. The direct expenditure on Universities has also made a spectacular increase from about Rs. 1.95 crores in 1947-48 to Rs. 6.48 crores in 1951-52. Even when a correction is made for prices, this shows a real per capita increase in expenditure. This is difficult to explain; overcrowding should have meant a fall.

There has also been a substantial increase in primary and secondary schools in the country. In respect of primary schools for girls there would appear to be some decline, the figure for 1946-47 being 14,666 and the figure for 1951-52, 12,127. On the other hand, schools for boys have moved up from 120,600 to 141,996. The direct expenditure on primary schools in 1951-52 is reckoned at Rs. 34.34 crores against Rs. 15.26 crores in 1946-47. In respect of secondary education, direct expenditure has also moved up from Rs. 13.91 crores in 1947-48 to Rs. 29.56 crores in 1951-52. It is significant that secondary school education is now financed in its largest source by fees. Of the figure of Rs. 29.56 crores, Rs. 14.02 crores come from fees which are greater than Government funds (Rs. 10.4 crores) and local board funds (Rs. 2 crores) put together.

The picture presented by this quinquennial report suggests that in quantity very substantial progress has been achieved. Has quality remained unimpaired? The answer seems decidedly in the negative. Our enthusiasm for these results cannot be great. The deterioration in quality must receive treatment before further mass production is launched.

INDO-AMERICAN RELATIONS

American Foreign Policy Towards India: Satish K. Arora: Suneja Book Centre, New Delhi: Price Rs 3.

This little study of Indo-American relations, although it carries 1954 as its date, was obviously written some months ago. How otherwise could the existing differences on American aid to Pakistan be totally omitted? It is a serious limitation on this book that it ignores totally the most pressing problem in Indo-American relations at the present time, possibly the first severe test of the capacity of both the countries to understand the approach of the other.

In spite of this large limitation, this little book has some merit in that it brings together somewhat ingeniously many threads of Indo-American foreign policy and places them so that they look as if they form one connected string. One may well disagree from the conclusions. One wonders whether a sentence like the following does not show undue optimism. "In the last two years, United States Foreign Policy has achieved some success in India mostly due to the new type of diplomacy as represented by Mr. Chester Bowles". Was the improvement in relations in the Bowles period the result of any new diplomacy or just the absence of issues in dispute? It is likely the personal factor has been exaggerated both in India and the United States. Mr. Bowles and Mr. Nehru certainly hit off. But too much can easily be read into the personal side of Indo-American relations. Surely the trouble is elsewhere. The differences in the Indian and U.S. approach towards Communism are fundamental. There is little in this book which indicates the wide range of this gap. Magnificent salesman that he was, Mr. Chester Bowles was unable to sell to India America's containment philosophy. The unreal appearance of agreement could not last.

GOLD AND SILVER THREAD INDUSTRY

Gold and Silver Thread Industry in Surat: By Prof. D. R. Gadgil and Prof. R. K. Patil: Publishers: Chunilal Gandhi Institute of Learning and Research, Surat: Price Rs. 1-8-0.

The book is a brief study of the fortunes of the Gold and Silver Thread Industry. It includes details of two surveys conducted by the two authors, one in 1930 when Prof. Gadgil was the Principal of the M.T.B. College, Surat, and the other in 1951, which was conducted by Prof. Patil. The latest survey reveals, curiously enough, that the industry is still suffering from more or less the same maladies today as it did when the first survey was made.

The main problem of the "jari" industry, which is one of the most ancient industries of India, are those of organised marketing and good labour-management relations. After analysing these problems fully, Prof. Patil has made a fervent appeal for a proper marketing organisation for the survival of the industry, which is now passing through a very lean period even in the internal market, while, in the external markets, it is facing the threat of cheaper Japanese varieties made of rice-paper. The author also pleads for Government help in organising an export market, which would incidentally be helpful in bringing in valuable foreign exchange.

The book under review, published by the Gandhi Research Institute, which was recently formed to encourage research in economic and industrial problems, is only an introduction to the subject, as it were. Prof. Patil proposes to conduct another and a more detailed survey of the industry in the near future.

Indian Builder Annual: Edited by Sardar Patwant Singh: Janmabhoomi Chambers, Fort Street, Bombay 1.

Opening with an impressive article on "Hydro and Thermal Power Resources in the Andhra State", the 'Indian Builder Annual', which contains several articles spotlighting the importance of constructional projects in the development of a country, may be said to answer the long-felt need for an organised and efficient medium to publicise the "problems, achievements, requirements, and aims" of the building industry in India.

Sponsored by the Builders' Association of India, this handsomely got-up publication, which incidentally is the first annual, deals with a number of important technical subjects allied to the building industry such as, for instance, structural waterproofing and its problems. Another feature of the special number is the inclusion of several photographic plates pertaining to constructional projects and depicting the latest architectural trends in the country.

A DELHI DIARY

MEN VERSUS HOUSES

MEN have been jostling this week with houses for interest and from a brief survey of the last round (which took place on Wednesday evening!) I should have said that the houses have won. The accent was not, indeed, on houses only; it was on their cost, or more accurately, their low cost. This Exhibition opened by the President and attended by the (select!) multitude has got off to a splendid start. As the Exhibition was arranged on the spacious grounds occupied by the Railway Exhibition last year, it was feared that it might be overwhelmed by the comparison. It was known that stall-holders this time were not so keen, having spent much unfruitful advertising money on the Railway Exhibition. Mere spectators were also at first not very enthusiastic; after all what can be more exciting than a toy train running at full speed on (and off!) the rails? We set our teeth, and were prepared for much academic instruction with no real entertainment.

We were gloriously surprised. We seem to have eluded the seminar altogether (or was its opening wisely delayed?). Here were no abstract theories on low-cost houses projected in the minds of brilliant architects, and reduced to unconvincing paper. There were several real houses built in a row. Their materials were all available for inspection; the good arithmeticians could multiply square feet by price and see if the totals tallied. I am told (by one such!) that the totals do tally. But (being sceptical!) I consider that this is not enough. How do we know that the prices are correct and the labour costs correctly calculated. I entertain the greatest doubts in respect of a little house whose cost was given at Rs. 2,800. In Delhi that house will not (I assert!) be that price.

The only real way to carry conviction is the way it was done by the American Women's Club, which took over the furnishing and decoration of one of the little houses. It was beautifully done. Every item was not merely priced; it was measured and tagged. Thus if you had to have three yards of handwoven cloth for table mats, the price of the cloth and the work (many marked self, meaning no cost!) were all there on a neatly pinned paper slip. The three little rooms, a sitting room, a bed room and a dining room (in an open court) were splendidly done. The total cost of all furnishing was Rs. 449-12. As if to carry additional conviction, it has been arranged with the Oriental Furnishing Company, New Delhi, that they should supply on order immediately any of the pieces of furniture at exactly the price marked. Now, why was it left to the American Women's Club to provide the best businesslike demonstration in the show? Why were not the other cottages (furnished by the Irwin College and others) similarly practical in their demonstrations that this was no artistic or academic exercise, but a definite demonstration that tasteful decoration can be done within four hundred and fifty rupees? I pause for a reply.

SIR JOHN KOTELAWALA

I leave houses and even the Indo-Ceylon agreement, which has happily been dealt with elsewhere in this issue, to talk about New Delhi's most interesting visitor this week. Sir John Kotelawala, Ceylon's Prime Minister, on his first visit as Prime Minister of Ceylon to India, produced a most happy impression. In three brief days, he managed to radiate his smile on hundreds of interested people; his programme helped greatly to permit of this personal cordiality. The Ceylon High Commissioner, Mr. C. Coomaraswamy, gave a splendid party on Saturday the 16th. As time sped on, his guests showed a singular reluctance to depart; it transpired that a "friendship" cake was making its rounds. And many people were anxious to partake of it before departure. The cake tasted specially sweet; I am told that so did the first announcement of the Indo-Ceylon agreement. Second looks at the agreement have been more critical; but I venture the opinion that friendship has come to stay.

My first (and last!) reason for this profound prophecy is the belief that I entertain that Sir John Kotelawala is anxious that we should be fast friends. This was particularly noticeable in his address to the Indian Council of World Affairs on Monday. It was, in the main, a moderate speech, but it had at least two strong notes which were unexpected. The first of these was the broad indication that the "common" interests of Asian countries would tend now to put a brake on a "nationalistic" approach; this has been read as a gentle assurance that the spirit of settlement of the Indo-Ceylon question will take account of the larger interests of the area, and the elimination of sources of disagreement will be pursued with some vigour. We have no direct quid pro quo to offer Ceylon on the citizenship issue, and thus it was satisfying to note that an "overall" consideration is weighing on our side. I recalled a great saying of Canning about the calling in of a New World to redress the balance of the Old. I hope sincerely that all South-East Asian countries will call in the balance of the new regional approach of South-East Asia to redress the balance which has been lost by the nationalisms of this area. I believe I heard in the spirit of Sir John's speech an indication that this welcome development is under way.

The second point in his address which attracted me was its forthright condemnation of Communism. There is a general feeling in India that Ceylon is neutralist like India in declarations of this kind. It is quite clear that the present Prime Minister of Ceylon does not belong to the Indian School. On the other hand, he does not belong to the Pakistan School. He does not see the necessity of alliances in military terms with other blocs and appropriately (as a South-East Asian!) he considers that any matter which adds to the internal disagreements of this area cannot be in the interests of all, or any, of the countries involved. But to oppose the Americans in Pakistan is not necessarily to be gentle with the Communists, or to show special consideration to the Chinese or the U.S.S.R. I gather the cultural delegations from China and the U.S.S.R. are not visiting Ceylon! And I heard something about some visas of returning Communists being withheld; unhappily what is Ceylon's gain is India's loss!

Now, Ceylon which has no significant defence of its own is not fearful of attack because of its anti-Communist policy. This is because India protects her in the North and the seas controlled by her allies protect her in the South. It is quite true that Ceylon enjoys this privileged position so far as extraneous defence is concerned. But that does not alter the fact that here is the only country in South-East Asia which has no defence problems. Sir John implied in his address at the Indian Council of World Affairs that Buddhism had much to do with Ceylon's peace-mindedness. We hope it will find adequate expression in the one (peaceful!) dispute they have with the Indian Union!

THE KALYANI SESSION

I have just time to refer to the Kalyani Session of the Congress. Only the draft resolutions are available at the time of writing. But it does appear at once that there is a difference in tone on the U.S.-Pakistan pact. The present resolution has been drafted with wisdom and much greater moderation than the previous outbursts. The question will be asked: Would not the Congress have been wiser to have adopted its present approach rather than the belligerent kind? Again, I pause for a reply!

ARGUS.

SPECIAL ARTICLES

THE FREE MARKET IN GOLD

THE gold market in Bombay has steadied after the nervousness which followed the announcement at a Press conference about two weeks ago that contraband gold would be released by the Government of India. Nevertheless, prices in India, though insulated in theory from the trend in free gold markets all over the world, have necessarily reflected (because smuggling establishes a link) the bearish influences which have consistently prevailed in the other capitals in recent months. Within India itself, whether the Reserve Bank will invite bids for gold, and, if it does, whether it will, like the Banque de France, try to lead prices downwards, are not yet by any means certain. The long-term trend of prices being easy, and the immediate future a little uncertain, it will, however, be useful at this stage to assess the recent trend in the principal gold markets of the world, namely, Macao, Zurich, Paris, Beirut, Kuwait, Bangkok, Hongkong, Geneva and Amsterdam, and also to take stock of the present position.

The structure of demand in these markets has now undergone a change, which at the moment seems to be permanent. Demand has declined everywhere. The reasons vary from centre to centre. Payment in rupee notes for gold smuggled from the Middle East is for example now difficult. Indian exchange control is liberal; and it can also be evaded to some extent. But the restrictions in Kuwait on dealings in rupee notes, in the context of a falling market, seem to have restricted also dealings in Middle East gold. Macao in China has at the same time declined considerably in importance as a market; and the restrictions on the re-export of gold from Hongkong to Macao are only partly the reason for this decline. Macao itself can no longer pass on the gold which it used to obtain to the mainland of China.

The Paris free market now suffers from a lack of demand from private sources—this recent trend reflecting the cost of living and increased taxation in France. Also, the policy of the Banque de France has something to do with the bearish outlook on the Paris market. Black-market demand now having declined, the official regulations are of much more importance in France than they could have been, say, in 1951, when free gold fetched a price of $44 per fine ounce. In the result, the gold which is imported into the country has either to be sold to the Banque de France, or has to be exported out of the country—a situation of which the French monetary authorities have taken advantage. The Banque de France now buys the gold and mints it into louis d'ors, and either markets these louis d'ors internally at a profit, or exports the gold abroad for dollars, thus strengthening the official monetary reserves, against the day, if it should arrive, when the franc may have to float on the foreign exchanges, and when confidence in the frac may have to be sustained.

The Banque de France has thus been a monopolistic buyer in France recently. If it had not been buying in such large quantities, it is possible that the price of gold in the Paris free market might have slumped even further. But if the Banque de France has bought the gold, it has also guided the price of gold downwards, being in the position of a monopolistic buyer; and it has been helped in this policy by the preponderance of sellers in the other European gold markets.

In continental Europe, this preponderance is now explained by the fact that Russian gold, not easily recognisable as such because it is no longer marked, is being passed on through the free market centres. The Russian sales are themselves explained by the fact that Russia has great need of European currencies, particularly of sterling. In Far East Asia, gold is not perhaps on offer from the Communist countries, at any rate on the same scale. But the offtake from these countries has declined, which has the same bearish influence.

These market trends have a natural cumulative effect. For one thing, the luxury of processing South Africa's 40 per cent of production into nominally industrial forms, in order to honour the letter of the I.M.F.'s gold sales policy, can no longer be paid for in the present conditions, when the official price of gold has turned out to be almost a support price. South African gold is, therefore, now released to the markets as pure gold. This accounts marginally for the decline in the free market prices, in so far as the processing and reconversion charges are hereafter unnecessary.

Apart from this marginal influence, however, the tendency to refrain from purchasing or to unload in a falling market is also bound to be pronounced. This influence is apparent from the fact that the free market's absorption of gold in 1953 has been recently estimated at about $200 millions, as compared with $490 millions in 1951, when the free market prices diverged so markedly from the official parity price. Both price rises and falling prices are, in the nature of the circumstances, cumulative. While recent experience in the free gold markets confirms this, for those French hoarders of louis d'ors, who have purchased them as a hedge against inflation have suffered heavy capital losses, the fact that no rise in free market prices in the immediate future can now be foreseen naturally also means that the demand for gold may level off or even fall. It cannot in any case be expected to rise.

The decline in the value of gold as a hedge against inflation is pronounced, because of the potential losses in holding gold in a falling market. But this, like the disappearance of demand in the free market capitals, and the disappearance of processing for South African gold, is only a symptom of the major changes in the structure of demand which have taken place. In the last resort, Communist policies influence gold prices everywhere, either by reducing tensions and the scare of a shooting war, or by leading the market down by offers of gold which are intended to sustain or improve the Communist standards of living. The knowledge that the changes which have taken place in the free gold markets recently are to be explained in terms of these fundamental causes, and are not merely technical, is now becoming more and more widespread. This knowledge itself cannot but have a bearish influence, and, therefore, at least for as long as there is no basic change in Communist policies, there is no reason to anticipate that free market prices of gold will deviate materially from the present levels, which are near about official parity price.

The implications of this from the point of view of the Bombay market are interesting. Summarised briefly, these implications are that the Bombay price cannot rise very much above, say, Rs. 82, as long as the present trends in the world's free markets last, which is as long as one may now see into the future. Bombay prices cannot also fall appreciably, because as long as the United States Treasury continues to purchase gold at the official parity price, the prices in the free markets are bound to be stable, except for minor local variations. In other words, for the first time in the post-war period, free market prices of gold are now likely to be more or less stable; and since Bombay, although theoretically insulated, is still influenced by world market trends, the basic long-term stability of gold prices in Bombay seems also to be assured. For a country which is interested in gold as a traditional investment, this is undoubtedly a healthy development.

SAFETY IN THE AIR

THE findings of the Court of Enquiry on the crash of the Dakota aircraft on the night of December 12 last at Nagpur are now available. Since the fatal accident occurred, public attention has once again been directed to the issue of safety in air transport. The findings of the Court, which were awaited not without a feeling of concern, establish that on a judicious assessment of all the evidence placed before it the reasonable conclusion emerges that the human factor was the most probable cause of this tragic accident. In this enquiry the Court was not left exclusively to an evaluation of circumstantial evidence. Circumstantial evidence undoubtedly constituted a vital basis of the investigation, but there was also the direct evidence, up to a stage, of the pilot who was happily spared. The findings and the recommendations of the Court have been accepted by the Government. Interest will now shift to the precautionary measures which the Government has undertaken to adopt.

Civil aviation and particularly the operations of the private scheduled air services in this country have a reassuring record on the specific factor of safety. One airline before nationalisation had an absolutely spotless, accident-free record, and most others had satisfactory accounts of their performance to render on this score. But the dangers which are inherent in air transport and the understandable sensitiveness of travellers to the safety factor make it, in every sense, obligatory that searching investigations ought to be conducted in each case of accident. The suspension of the Comet from its operations by the B.O.A.C., after the recent tragic crash in the Mediterranean, for a thorough mechanical inspection, betrays no lack of faith in its undoubted role in future commercial aviation and intermittent enquiries into the accidents in which the Dakota aircraft is usually involved in this country do not by any means indicate that faith in its reliability has been assailed. A searching enquiry in each case of aircraft accident is essential precisely because no quarter must be left for any misconceptions and confidence in air travel must be maintained unimpaired.

A brief indication of the situation in which this last accident took place is necessary for an appreciation of the circumstances which led to it. It has been claimed that the various elements in the situation (excluding the technique adopted by the pilot and his judgment) attending the crash were far from being conducive to its occurrence. The evidence before the Court establishes that the obligatory inspection of the aircraft prior to its flight that night from Bombay coupled with the ground-testing operation conducted by the pilot himself before take-off at Nagpur, leaves no room whatsoever for any inference about mechanical defects having been left undetected. On this aspect of the accident, there is the weight of the testimony of an array of technical witnesses and, in a highly technical issue like this, it must prevail. There is little that a layman can suggest by way of its evaluation.

But there is one circumstance in this case on which convincing explanation, so a layman might reasonably think, appears not to have been provided. It is not clear to his comprehension how immediately after the aircraft got airborne and, while it was still running parallel to the runway, the port engine should suddenly cut dead and cause that fateful swing. The swing was, no doubt, corrected and the port engine picked up again, but it was this swing which influenced the decision of the pilot to return to the airport at once for an inspection of the port engine. After the commencement of the turn which the aircraft was given in its effort to land on a nearby runway, the port engine is said to have gone off again. The short-lived trouble developed by the port engine on two occasions might be compatible with absence of any inherent mechanical risk, but it figures as an element in the situation which has not been adequately discussed in the report of the Court of Enquiry and to the non-technical reader it would appear to have been left obscure. The failure of an engine on take-off is a risk always run; but here the engine, so to speak, came and went. Prima facie, there will be a doubt as to what really happened.

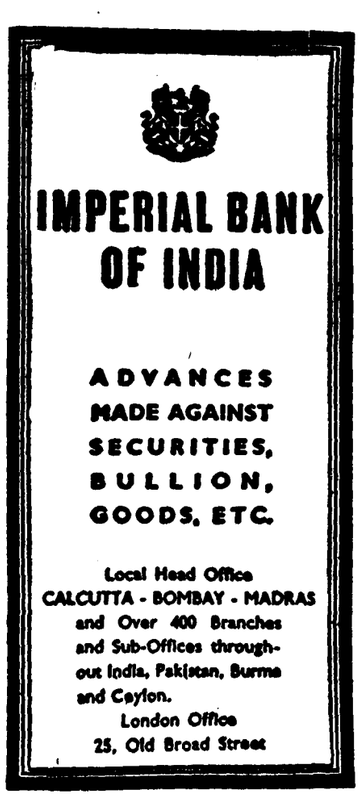
A major inference which arises from the combination of circumstances is that the tragedy could possibly have been averted, if two precautions, which were entirely within the control of the pilot, had been taken. The landing gear was not retracted soon after getting airborne as it ought to have been retracted, but on the contrary, it was left in a fully extended position throughout. Its consequence was that the climb performance was retarded and the aircraft did not gain high altitude. It is significant that this lack of adequate altitude, coupled with the time lost in taking the turn, precipitated the landing of the aircraft on a field and its impact particularly on the bund of the field. In the second place, what is of greater importance, the pilot failed to adhere to the procedure recommended in the operations manual laid down for his airline and did not throttle back the live engine and land straight ahead. The Court's finding is that in this case there was sufficient length of the runway in front of the aircraft for a straight landing. The extenuating circumstance from the pilot's viewpoint, however, appears to be the revival of the port engine. An unfortunate circumstance intervened in the course of the pilot's effort at landing on the airport. No sooner had he realised, on taking the steep turn, that the plane had lost considerable height than there came a fire warning relating to the starboard engine, which probably influenced his decision at precipitating the process of forced landing. The fire alarm turned out to be false.

The Court's verdict on the probable cause of the accident is the loss of critical height in the course of the steep left-hand turn executed by the pilot at an unsafe altitude. All other possibilities have been excluded by a process of elimination.

The recommendations of the Court for preventive measures which have been fully approved and accepted by the Government are vitally important for the future of safety in air travel and it is to the implementation of these recommendations that attention must be directed. This accident is one in the series which involved the failure of the human factor as the cause of air accidents. In fact, in this country, this factor has been responsible for about 80 per cent of the accidents. The Court has given first priority to its suggestion to make specific proficiency tests obligatory for renewal of pilots' licences. Its unequivocally emphatic attitude on the question of regular checks for proficiency in instrument flying and emergency pro-

cedures as a pre-condition of renewal of licences, apart from giving practical exercises to pilots, will ensure the chances of reasonable certainty in the adoption of measures calculated to avoid accidents in a larger number of cases than now. Mere acceptance of the recommendations pressed with a feeling of urgency by an enquiry court or committee is of little avail. It is a sad reflection on Government's sense of vigilance and duty that a similar suggestion for rigorous proficiency checks of pilots and an increase in their strength which was made quite recently after the investigation into the aircraft crash at Palam on May 9, 1953, has been conveniently forgotten. In any event, reports on enquiries dealing with human lives are the last documents that can be consigned to the pigeon-hole.

On the mechanical aspect of flying, the recurrence of false fire alarms deserves elimination and even if it may not be possible to invent an err-proof mechanism, as the Court would have it, the maximum elimination of false warnings can surely be attained. The major factor which weighed with the pilot in his decision to return to the airport was the uncertainty of the aircraft's maintaining or gaining the requisite height on one engine with the load it was actually carrying. Technically, the load was 403 lbs. below the maximum permissible all-up weight of 26,200 lbs. but, since one expert witness raises a doubt on the suitability of the load, all load factors should be recalculated to provide an adequate safety factor particularly on aircraft whose engines, near to the time of overhaul, may not be able to take their maximum acceleration. The public is intensely unhappy about these accidents. It does not relieve its anxiety to know that accidents are due to the human factor. It needs specific assurances that everything possible has been done to reduce the risks attendant on the human factor to an absolute minimum.





THE BUSINESS WORLD

THE PRICE OF CEMENT

The cement industry in India, which incidentally has been one of the most progressive, faces an uncertain future. Shri Dharamsey Khatau's address at the seventeenth annual general meeting of the Associated Cement Companies, if anything, underplays the importance of the crisis (for it may amount to that) which may be in store for this industry.

Rising costs of production have recently been a constant source of headache to those responsible for extending cement production. The Government of India has contributed directly to this increase in cost by reason of the withdrawal of the rebates on coal freights and the increase in such freights. While this is a disability which is common to all industries, it is particularly serious in the case of cement, because for every ton of cement produced, 0.25 to 0.50 ton of coal will ordinarily be required—while the location of quite a few units in the south of India makes the burden of railway freights particularly onerous. Because of this difficulty and the increase in establishment and operation expenses, a claim was made for an increase in prices, which in due course was investigated by the Tariff Commission, but after some delay which may or may not have been inevitable, the industry is now faced by the prospect of a reduction in prices, instead of the increase which it asked for.

This matter particularly concerns the old and established units, for the new units may still get a differential price, when Government's decisions on the Tariff Commission's report are announced. Only a hint of the problems which these Government decisions may create is contained in Shri Dharamsey Khatau's speech, but broadly they would appear to be as follows:

(i) the Tariff Commission's recommendation of 10 per cent return on the gross block or 4½ per cent return on the working capital employed has been made without treating bonuses to employees and managing agents' commission as items of cost,

(ii) even this 10 per cent return, moreover, is likely to be denied to the A.C.C.,

(iii) the new cement prices, when announced, seem likely to include an element on account of rehabilitation which is to be paid into a Rehabilitation Fund, which is to be jointly administered.

Naturally, these proposals cannot be acceptable to the cement industry or to the premier unit in it, namely, the A.C.C.

The industry has been progressive, but it is still far from realising the targets of the Five-Year Plan, and steady progress will be necessary, if the installed capacity of a little over 5 million tons is to be attained by 1956. Apart from this consideration, however, equity itself would demand that the trend of rising costs and falling profits, in spite of the expansion in productive capacity and increase in sales, which have already taken place, should be recognised.

The A.C.C.'s own experience is summarised in the table below:

Table Summarising the Principal Items in A.C.C.'s Balance Sheet, 1947-1953.

In lakhs of rupees

	1952-53	1951-52	1950-51	1949-50	1948-49	1947-48
Cement sales	1515.61	1480.02	1209.95	1085.43	962.50	759.30
Salaries and wages	239.32	221.42	192.51	179.52	160.21	139.97
Operation expenses	817.80	797.63	570.66	542.14	448.47	355.04
Establishment expenses	10.66	10.59	9.28	7.03	6.50	6.02
Provident funds	9.49	4.68	4.29	3.72	3.09	2.75
Managing agency commission	28.51	30.05	30.20	23.15	21.91	21.72
Net profit	181.23	196.46	192.93	162.46	90.59	75.61

These figures call for little comment. They prove the industry's case so completely that it is something of a puzzle to explain the Government of India's attitude in this matter at present—to understand why the concessions, if any, which are to be granted to the industry are being whittled down or tied. The major explanation seems to be Government's anxiety to reduce the cost of an essential raw material like cement which will have to be used so extensively in building. Perhaps, a belief that the industry will explore the scope for economies, if any, only under pressure may also be responsible. In either case, however, a policy of reducing the revenue from sales which accrues to the industry may defeat itself. The arrested progress of the industry may do more harm than the reduction in prices may do good. And the scope for economies will be limited because operating and establishment expenses are largely outside the industry's control.

The cement industry has now reached a stage in its post-war development at which a long-term rather than a short-period view of its problems is called for. Thanks in large part to the steady expansion in demand and sales, post-war development so far has been very satisfactory. At Sindri and near Robertsganj and elsewhere, new factories are coming up. It would be a pity if this progress were to be arrested because of hasty and unfavourable decisions regarding the price of cement in future.

PRIVATE ENTERPRISE: AN AWAKENING

By

CROESUS

At long last, the industrialists are awake. They have evidently been shaken out of their complacency by the overall policy of Government towards development in the private sector. The surprise is that it has taken them so long to realise that mixed economy, to which concept they have subscribed, need not necessarily mean 90 per cent free enterprise and 10 per cent State enterprise, but that it may as well be the other way about, if the Government of the day is so inclined. They took their first hint only when some Government

spokesmen began complaining that the private sector had not done as much as was expected of it under the Five-Year Plan. However, being shrewd people, they were not slow to see the writing on the wall that this presaged. Giving a dog a bad name, whether the dog is or is not at fault, is the familiar preliminary to hanging it in all democratic countries. The talk of setting up a Central Development Corporation to start industries which neither the private enterprise nor the Government would take up, for whatever reason, so as not to allow any stalling of development, meant taking it a stage further.

Sensing danger, albeit belatedly, free enterprise began to rub its eyes and decided to tell the Government plainly, but firmly, what it felt. At the twenty-first annual general meeting of the Employers' Federation of India last month, Sir H. P. Mody observed; "While free enterprise has been assigned a definite role and reassuring statements of Government's intentions are made from time to time, the blunt truth is that the actions of Government lack cohesion and consistency and create a state of uncertainty in which it has become very difficult for the private sector of industry to make any substantial contribution to the development of the country. The representations made by industrial interests from time to time seem to receive little attention. The flow of labour legislation, the irksome controls over profits, production and distribution, the refusal to provide adequate incentives for either old or new enterprises and the irresponsible opinions indulged in by some of those who hold positions of influence, continue; they are not only sapping the morale of the industrialist, but are destroying the confidence of the investor. Such a state of things cannot indefinitely go on. If costs keep continually going up through levies of one sort or another, if even ordinary discipline is not allowed to be maintained in factories, if surplus labour cannot be retrenched except at heavy cost and through protracted proceedings, and if installation, even where the necessity is established, of new or additional machinery is hampered for one reason or another, the situation becomes intolerable and free enterprise becomes only free in name. I am not arguing against the concept of a controlled economy; we have all accepted it; but controls have to be reasonable and must pay sufficient regard to the problems and difficulties of the enterprises which are sought to be regulated in the public interest."

At this meeting, more than one spokesman of industry not only supported Sir Homi's proposal to make the Federation a more effective body than it has been, but urged him to take immediate steps in this behalf. I do not know whether it was in pursuance of this that the E.F.I. President convened a conference last week of some of the leading industrialists in the country in order to consider the steps to be taken to bring about a more effective representation of industrial interests and to enlighten public opinion about the vital importance of the part that free enterprise can play in the economic development of India and in the attainment of the social objectives which are commonly accepted. After reading a reference to this meeting in a feature dealing with big business in a Bombay journal, I paused and wondered for a while whether this meeting, if it is intended—as I am sure it is—to take up a common and united front on behalf of all industrialists, could not have been more representative than it was alleged to have been. However, a chance discussion with one of the spokesmen of the meeting convinced me that the invitations were sent out on a basis designed to leave out no section of industry whatsoever.

Be that as it may, the outcome of the long and frank discussions at the meeting has been that steps are already being taken to present a more sustained and vigorous presentation of the view-point of industry alike to the Government and the public, more or less on the lines on which the Millowners' Association, Bombay, has started doing of late. For this purpose, the meeting felt a special machinery which could function continuously and expeditiously had to be devised and appointed a small committee, authorising, at the same time, Sir Homi to go further into this question and carry out the scheme.

Meanwhile, so as to keep up the tempo as it were, Mr. Dharamsey M. Khatau, Chairman of the Associated Cement Companies, Ltd., reverted to this theme in the course of his address to the shareholders at their seventeenth annual general meeting and said:

"Today, the morale of the industrialist is at a low ebb. He constitutes a ready target, and is often the subject of abuse in public speeches. He is painted as an anti-social evil thriving as a parasite on the exploitation of other's efforts; as a person to be tolerated only for as long as is necessary to bring about his replacement. If private enterprise is to achieve that which the nation expects of it, then this attitude should change. We do not expect either molly-coddling or fulsome praise, but is it too much to hope that when we have been able to contribute very substantially to the advancement of national interest, at least some gesture of appreciation, or some word of encouragement should be forthcoming from the responsible leaders of our country? Whatever social and political form Indian economy might eventually take, it is clear that, during the foreseeable future at any rate, private enterprise is not only necessary but is essential. No one can doubt that the industrialist will be encouraged to undertake his task with infinitely greater resolution when he knows that his initiative and endeavours are appreciated and accepted as an honourable contribution towards the betterment of the nation".

At this stage, it is necessary to stress the point that neither Sir Homi nor Mr. Dharamsey were trying to shield any industrialist found or alleged to be indulging in malpractices. Both of them made the position clear. Sir Homi thus said: "The malpractices which have come to light in the working of some industrial establishments call for our unqualified condemnation. We can have no truck with those who are out to exploit, by whatever means they can, the undertakings of which they have acquired control. Where the guilt has been brought home, it is the clear duty of the organisations to which the offenders may belong to expel them. Their actions are apt to bring discredit upon private enterprise and the least that can be done is to show that they are not, in any sense, representative of the general body of employers in the country".

Mr. Dharamsey also reiterated this, when he said: "We make no plea for condoning of malpractices in the field of industry. Whenever these occur, either in the public or private sectors, (mark the studied inclusion here of the public sector also) they must be rooted out and given no quarter. What we do ask is that Government and the enlightened public learn to differentiate between the good and the bad, that all are not painted with the same brush and that the good element is given the support and encouragement which it deserves and is entitled to".

It may be difficult for any Government to have two different attitudes, one towards the good and another towards the bad, but this need not mean that the Government should, with a view to penalising someone who, it may apprehend, will not play the game, enforce a general rule that will prove irksome to all. Take, for instance, the Industry and Commerce Ministry's latest proposal to assume control over the rehabilitation fund, although it is stated to be jointly with the industry or the unit of the industry concerned. From what Mr. Dharamsey explained to the A.C.C. shareholders the other day, it looks as though the Government is willing to sanction a certain increase in cement prices—not as much as the Tariff Commission has recommended—only if the industry is prepared to accept the condition of joint control over the rehabilitation fund. For this specific purpose, the Government is stated to be willing to sanction an increase of Rs. 2 per ton. This can only be interpreted to mean that, because the Government is probably not quite sure that all units of the industry will use this increase for the specific purpose for which it is intended, it wants to exercise a sort of an overall control on the whole industry. Surely there are other ways of making sure specific purpose, and it should not be difficult for the many new wings of the Government that have been created to ensure this by keeping a close and constant watch. Moreover, being a protected industry, all the accounts are necessarily open for inspection by the Cost Accountants of the Tariff Commission—and there is now a Chartered Accountant member also—who can be depended upon to discover lapses, if any. But, no, someone in the Ministry perhaps thinks this is the only sure and effective way and he must needs have it. That is all.

Whatever the supposed justification for it, the introduction of this principle is clearly an encroachment on the freedom of private enterprise. There is not even the saving grace that it is to be limited to the period of the First Five-Year Plan, which one could understand. Nor is there any assurance that whatever the appropriations the industry may have committed itself to already will not be excluded from being a charge on this fund. Yet the amiable A.C.C. Chairman has been sporting enough to explain the implications of the proposal to the Government and leave it to its good sense to arrive at a workable compromise. It remains to be seen what that compromise is going to be, but, however satisfying it may turn out to be, it is, in the opinion of many seasoned industrialists, a thin end of the wedge of further Government control which must be resisted on principle.

THE ASSOCIATED CEMENT ANNUAL MEETING

By

CROESUS

This year's annual general meeting of the Associated Cement Companies, Ltd. did not last as long as last year's, but it was more significant than the one held in 1953. Practically the whole interest of the entire body of shareholders seemed to be centred on one subject, namely the question of cement prices. The Tariff Commission, which was asked to go into this question, has submitted its report to the Government, and the Government's orders on the Commission's recommendations are expected anytime. Egged on by one shareholder after another, the A.C.C. Chairman, Mr. Dharamsey M. Khatau, could not but take the shareholders into confidence and explain the latest position. But, before going into that, it is necessary to refer to paras 15 and 16 of the Chairman's address on the occasion.

Briefly, these paras suggest that the Tariff Commission has recommended that the profits of the Company should be limited to a 10 per cent return on the gross block and a 4½ per cent return on the working capital employed. Bad enough as this is, the Company is also not allowed, it would appear, to treat bonus to employees and managing agents' commission as items of cost; only taxation and dividends are permitted to be met out of the profit element as defined. In the name of social justice perhaps, this is yet another instance of the sedulous encroachment of the authorities on company profits. If every company is asked to limit its profits thus and not permitted to treat even such items as bonus to employees and commission to managing agents as items of cost, we can once and for all forget all about ploughing back of profits and capital formation which, time and again, the Government itself has been mouthing and the Planning Commission also has been exhorting private enterprise to do. Apart from it, it is strange logic on the part of the Government to fix bonuses to workers at any level it pleases, regardless of the ability of the industry to afford it, and insist on the companies paying these bonuses, but, at the same time, refuse to accept it as an item of cost! Even in the case of commission to managing agents, the amount is no longer governed by the age-old and allegedly one-sided contracts but by revised contracts subject to the relevant provision in the Indian Companies Act, so that there is no chance of the managing agents mulcting the company.

Mr. Dharamsey has apparently worked out what the proposal actually means in the case of A.C.C. For he said: "The result is that, after paying agency commission, taxation and bonus to employees, the return of 10 per cent on gross block is reduced to about 4 per cent!" He was, therefore, more than mild when he added: "I submit that in any country, much more so in an underdeveloped one like ours, where the immediate need is for the production of greater wealth through rapid and efficient industrialisation, such a poor return is grossly inadequate to provide the incentive for people to save, and to risk their savings in the promotion of industrial expansion".

While expressing the hope that the Government would take a more realistic view of the profits which the industry should be permitted to earn in order to consolidate and speed up the progress of its development, the A.C.C. Chairman also sounded a note of apprehension that the Government might not accept even the Tariff Commission's modest recommendations. It is feared that the A.C.C. may not only not get the increase of Rs. 8 per ton proposed by the Commission in respect of new units but may also be asked to accept the new and novel principle of joint control of the Company's rehabilitation fund if it is to be entitled to an increase of Rs. 2 per ton specifically for the purpose of rehabilitation. It was not clear from what Mr. Dharamsey said whether or not this condition is to be binding only for the remaining period of the first Five-Year Plan and also whether the Company is prepared to accept it provided that the allocations from the fund already made by the Company are not objected to by the Government. It is a compromise in either case, and a compromise at the cost of a valued and vital principle, namely freedom of private enterprise, even within the limited sphere in which it is now allowed to operate, to guide its own affairs as best as it can and according to its own convictions. Probably the Government is afraid that private enterprise or some sections of it might abuse this freedom, but there is no need for any such fear, at any rate after Mr. Dharamsey's categorical assertion that "the A.C.C. can, with every justification, claim to have achieved all that is best in robust private enterprise" and that "it has justified the confidence reposed in it not only by its workers and shareholders but also by its consumers, namely the public and Government". Moreover, any abuse of the freedom or malpractices on the part of the management is not likely to be tolerated by the public in its present frame of mind. In view of this, it would appear that the Government will be taking no risk whatever

in allowing the A.C.C. in particular and private enterprise generally a fair selling price" in the secure knowledge", to quote Mr. Dharamsey, again, "that the incentive so provided will be utilised to the fullest effect in furthering the interests of the industry and those of the country".

CAPITAL REQUIREMENTS OF THE ELECTRICITY INDUSTRY

After exhausting perhaps all arguments to delay sanctioning an enhancement in the standard rate permissible to electricity undertakings, it will be remembered, the Government of India asked the Federation of Electricity Undertakings of India to provide specific instances State-wise where electricity undertakings have tried to raise funds but have not succeeded. These instances have now been collected and compiled by the Federation and a representation has again been made to the Ministry of Irrigation and Power earnestly imploring the Government that "they consider introducing during the Budget session of Parliament a Bill upgrading the standard rate and, if possible, at the same time, dealing with the other major points, such as deferred taxation reserve, rehabilitation reserve, and other forms of internal finance and of comparable importance known to the Government". The Federation has further offered to meet the Minister to place all these facts before him.

Meanwhile, the results of the enquiry made by the Federation, which has brought forth replies from 79 undertakings out of the Federation's total constituent membership of 226, show that most electric supply undertakings are unable to raise any significant finance under the present statutory restrictions. Since the 79 undertakings from which replies have been received also include the most representative units, it is clear that, even if replies are received from all the units of the industry, the conclusion cannot be anything different. As Mr. K. G. Milne, President of the Federation, observed at the last annual general meeting of that body in November, where any success has been achieved in raising capital, it is more due to the persistence of confidence of habits amongst the investing public, coupled with an element of anticipation that Government would soon accept the industry's legitimate demand for raising the rate of return. If this anticipation should prove wrong for any reason, it is not improbable that even the most favourably placed undertakings would find it difficult to tap further capital. Hence the need and urgency for prompt compliance with the request of the Federation.

Summary

Undertakings Statewise		Unsatisfied balance of capital requirements over last two years	Additional capital requirements over next three years	Total capital requirements yet to be raised
Bengal	(13)	25,00,000	4,85,80,850	4,61,80,850
Madras	(9)	18,24,490	95,00,000	1,13,24,490
Bihar & Orissa	(9)	27,54,280	59,50,000	87,04,280
Saurashtra	(5)	37,52,290	87,35,000	1,26,38,290
Uttar Pradesh	(9)	26,00,000	54,00,000	77,00,000
Madhya Pradesh	(4)	4,58,200	52,00,000	56,58,200
Punjab	(4)	1,20,000	8,42,000	9,62,500
Pepsu	(1)	50,000	2,00,000	2,50,000
Madhya Bharat	(2)	—	4,00,000	4,00,000
Bombay	(23)	30,24,990	17,12,25,000	17,40,49,490
TOTAL	(79)	1,70,84,250	25,60,32,850	26,78,68,100



BUSINESS NOTES

IMPORTS OF WOOLLEN FABRICS

If being vociferous in putting forward a case is any indication of the strength of the case, the wool traders and importers of woollen fabrics may be said to have a very strong case, indeed. But discerning sections of the public will not be taken in that way. They would want facts to convince them. It is a pity that so much of propaganda by interested parties is not countered by the authorities—and they can do so effectively with all the facts and figures of woollen manufactures, imports, etc. at their disposal.

The woollen importing and trade interests contend that the reduction for the current licensing period in imports of woollen fabrics from 25 per cent to 12½ per cent and of shady woollen goods from 40 per cent to 25 per cent has led to a sudden scarcity of woollen goods and consequently to a rise in prices. These interests further allege that the prices of Indian woollen goods have risen sharply by 15 to 25 per cent. Enquiries, however, reveal that since the announcement of the import policy for the current half-year there has not been even one per cent increase in the prices of Indian woollen goods, these being the same which prevailed in November-December last. Actually, some woollen manufacturers complain that they are finding it difficult to dispose of their stocks. Many mills have, therefore, been obliged to work only one shift, if not less than that. If this is the position in the midst of the busy season, what the position will be during the off season can well be imagined. It is accordingly a studied misrepresentation of facts to state that there is "a great scarcity of cheap qualities of woollen fabrics in the country."

As for the argument that past imports have not had any adverse effect on the indigenous industry, the truth of the matter is that they did not probably have an adverse effect because the gap between the requirements of woollen goods in the country and the total volume of indigenous production was still wide, unlike what it is today.

The statistical position may be indicated in brief. In 1950-51 there were 116,800 spindles, but since then a further 10,000 spindles have been installed and licences issued to instal another 21,000 spindles. The addition of these 31,200 spindles is more than the addition of 30,000 spindles to the existing installed capacity envisaged under the Five-Year Plan. It is estimated that the resulting addition to the manufacturing capacity will be about 5 million lbs. (both yarn and cloth) compared to the last three years' average annual imports of only two million lbs. of woollen yarn and cloth. This is an approach to the stage of self-sufficiency.

DIRECTIVE ON COTTON CONSUMPTION

The Textile Commissioner's recent circular impressing upon cotton mills the need to confine their consumption of Indian raw cotton to the quotas already allotted does not disclose Government's policy on supply in a full measure. While there is a positive statement on allotment of Indian raw cotton, the total silence on supplies of imported cotton is bound to cause suspense and uncertainty. Allotment of Indian cotton has no doubt been made for the current season on a liberal scale—20 per cent in excess of the quotas allowed in the 1952-53 season. This higher allotment stands unchanged, but mills have been asked not to bank on anticipations of supplies in excess of it. This instruction is explained by the fact that the first estimate of the cotton crop fixed at 42 lakh bales for the 1953-54 season has now been scaled down. Any tendency to rush in for purchase of more indigenous cotton is bound to push up cotton prices and also give an impetus to speculation, both likely factors being sure to push up production costs and cloth prices. Such a contingency needs to be avoided from the view-point of the domestic as well as overseas markets.

So far, the directive is sound. Mills have been advised to make good any gap between their total requirements and indigenous quotas by purchase of staple fibre or foreign cotton. It is precisely in this respect that omission to clarify policy has been disquieting. A positive statement assuring assistance to procure both at reasonable prices is quite essential. Staple fibre does not present any difficulty since quotas equivalent to previous season's purchases have been allowed. But an unequivocal statement about Government's intention to assist mills to import cotton by offer of necessary facilities is essential. If consumption of cotton by mills at the monthly rate of about 4 lakh bales as assumed by official estimate is to proceed unhampered, it is reasonable to place requirements of foreign cotton in the neighbourhood of 7 lakh bales. So far Government has given no indication of its reaction to the trade's suggestion to take advantage of the United States offer to accept rupee payment for cotton exports nor is it clear whether Egyptian cotton will be allowed to be purchased with liberal currency terms. Any third source is not so far within the knowledge of the trade. In any event, explicit information on imported supplies is necessary.

ENGINEERING INDUSTRIES

The first report of the Mulgaokar Committee appointed by the Ministry of Commerce and Industry to conduct a preliminary survey into the idle capacity of the units in the engineering industries, it seems from the summary version as it has appeared in the Press, has come to the conclusion that the extent of production capacity lying idle varies between 25 per cent and 50 per cent. The Committee is said to have made tentative recommendations to put back this capacity into active use. Domestic demand for the products of these industries, coupled with a potential market in the neighbouring countries, which constitute the long-term outlook for these industries, has obviously been accepted as the basis of the Committee's findings.

It was expected that a consideration of this problem would directly involve a reconsideration of the import policy. This is what the Committee is stated to have done. Its approach to the problem unequivocally suggests that demand should be carefully assessed by estimating Government requirements as also private requirements and provision made in the bilateral trade agreements. Further, the establishment of special committees for different classes of these industries has been suggested for the purpose of screening import applications in cases where real controversy is raised about the necessity of imports. On the assumption of one-fourth capacity lying idle, the additional need of steel and pig-iron imports is put at 1 lakh tons and 70,000 tons respectively to restore it to production. A reduction in the import duty on raw materials and semi-manufactures is also emphasized as an essential aid to the manufacturing units. Factories manufacturing railway stock and equipment seem to have pressed a demand for facilities to work three shifts to reduce the flow of orders on foreign producers. It is not at all clear from the published version what is precisely meant by the demand for supply of imported steel at all consuming centres at a uniform price. The steel equalisation and freight equalisation funds are already performing the function of ironing out price differentials. All in all, the tentative recommendations appear to assess the long-term requirements of these industries, but the issue of actual assistance in the immediate future may require a different approach and assessment.

INDO-U.S. STEEL AGREEMENT—IMPORT AND UTILISATION PROGRAMME

In pursuance of the agreement entered into between the Governments of India and the United States for the import of steel, a quantity of 200,000 tons is to be purchased from the free market with grant of $25.5 million (Rs. 12.14 crores) made by the Government of the U.S. to this country as part of its total economic and technical aid authorisation of the order of $89.1 million (Rs. 42.43 crores). Out of the total imports 200,000 tons are to be procured with the funds provided in the steel import agreement between the U.S. and India. The breakdown of this quantity according to types of steel is estimated as below:

Sheets—black plain, galvanised plain and galvanised corrugated ..	80,000 tons
Plates	50,000 „
Rails	50,000 „
Sleeper Bars	20,000 „
TOTAL	200,000 tons

The programme of the utilisation of these 200,000 tons of imported steel has been fixed by broad allocation. The shares of different types of demand are approximately as follows:

Railway wagon building and other railway requirements	43.0 per cent
Steel processing industries, industrial machinery making, pipes, tubes, oil drums and containers and similar requirements	23.5 „ „
Agricultural requirements and rural development schemes	20.0 „ „
River valley projects	8.5 „ „
Small-scale industry, tanks for petroleum industry, and so forth ..	5.0 „ „
TOTAL	100.0 per cent

ADVERTISING AND THE PRESS

Among the media through which advertisements seek publicity newspapers are certainly the most important. It was inevitable, therefore, that Mr. A. D. Shroff should make the relation between the two the central theme of his presidential address before the first annual general meeting of the Indian Society of Advertisers. His approach to the subject may present a difficult choice to the Press, but in the interest of a realistic approach he has made a fervent appeal for a readjustment of the rate structure adopted by newspapers. He has put the issue squarely with reference to relative costs obtaining in other countries and has urged that a full investigation into this question should no longer be postponed. As business activity is stabilising to more normal levels, while production costs tend to be inflexible in relation to prices, he argues, the problem of advertising costs must receive anxious attention. Newspaper rates may need a downward modification and this vital fact indicates that the emphasis of newspaper revenue will require a larger shift towards circulation.

The interests of advertisers are as much linked with wider newspaper circulation as those of newspapers themselves and Mr. Shroff proposes that the latter should now undertake organized readership surveys on a co-operative and not isolated basis. He estimates the current newspaper circulation at about 3.5 million or about 4 per cent of the potential circulation. Multiple readership at present puts restrictions on actual circulation and Mr. Shroff states that ways and means should be devised to encourage the reverse trend. How this objective is to be achieved will certainly pose a big problem before the Press, but a change in the advertising rates seems indicated in due course of time. The reference to combined rates does not raise a very vital problem and the emergence of special supplements for business publicity is not a phenomenon of newspapers' own making.

The present small membership of the Indian Society of Advertisers shows that quality and status are valued in organization more than numerical strength. The objective of the Society to bring a new and enlightened outlook to bear upon advertising as an integral part of production and sales activities and as an agency to reduce costs by promoting distribution promises to find increasing acceptance. There is also the assurance to give a healthy tone to advertising.

POLICY ON FOREIGN CAPITAL

The following authorised statement on the Government of India's policy on investment of foreign capital in this country has been issued officially:

It is the policy of the Government to welcome foreign capital in India in desired fields and there is no barrier to such capital coming to the country for investment in industries which are considered in the national interest. Cases of foreign investments are scrutinised by the Government of India with reference to their general usefulness to the national economy. Generally, permission is not granted for investment of foreign capital in purely financial, commercial or trading concerns except in such cases where technical know-how is an essential aspect of the trading activities. It is also the policy of the Government that in cases where foreign capital is allowed, the majority interest in ownership and effective control of that undertaking should remain in Indian hands. Relaxation is made only in exceptional cases where Indian capital is not forthcoming or the schemes are in the national interest. Whenever in such cases expansion is contemplated, greater association of Indian capital may be insisted upon. Government also expects that adequate provision is made for the training of Indian personnel for technical and administrative posts in the enterprises in which foreign capital is involved. Frequently such a provision is made a condition on which foreign investment is permitted.

Dividends are allowed to be remitted in full to the country of residence of the foreign investor.

Repatriation of Capital: The transfer of capital from India requires the approval of Exchange Control. Permission is freely given for repatriation of foreign capital invested after the 1st January, 1950, in new projects approved by Government after that date. This facility is available even in respect of appreciation in the value of the original investment made after 1st January, 1950. In the case of any foreign concern being compulsorily acquired by Government, reasonable facilities are given for remittance of compensation paid to such concerns.

Royalty Agreements: Prior approval of the Exchange Control is necessary for entering into agreements for payments to non-residents of royalties, technical charges etc. Approval is usually given if the rate is reasonable in relation to the benefits that are expected to accrue.

TRENDS IN TEA

The turn which the trends in tea in the London auctions are taking place give some cause for apprehension about the outlook in the immediate future. The reactions of trends in London on the home market will need to be watched and the feeling of concern about the price factor in India cannot be brushed aside until there is proof that anticipations of shortage are baseless. The essential point to be considered in the situation about the supplies of tea is that the demand of blenders in U.K. happens to be for the varieties

which hold the Indian market. North Indian teas are primarily subject to the impact of the demand.

For some time now wholesale dealers in London have entertained fears about possible shortage of North Indian teas in the second quarter of this year and they feel that these fears will not be dispelled until the outlook improves with the arrival of supplies from the 1954 season's crop. The overall position of tea supplies is that there is an excess of over 10 million lbs. in the 1953 season above 1952. But this excess is predominantly due to Ceylon's quality tea—24 million lbs. in 1953 more than in 1952. The North Indian crop is placed at least 17 million lbs. below 1952 and this is the largest shortfall region-wise. South India's excess of 8 million lbs. is not directly relevant to the pressure of demand from Mincing Lane. Of the remaining exporters, Pakistan has a small surplus and Indonesia has recorded a sizable deficit. London's estimates of the supply situation in the second quarter of this year and even a few weeks earlier take into account the higher demand for Indian tea from the United States. Last week's substantial increase of 4d. in the opening price of Indian common tea, pushing it to a new peak of 4s. 4d. per lb., was inspired by this uncertainty about supplies in the months to come. The weather factor in North India was responsible for the shortfall in the current crop. But it is difficult to see how the North Indian scheme of crop regulation can be considered to be completely unconnected with it. Price movements at home will require careful attention.

THE NEXT STEP IN TRANSPORT

The next step in the preparation of a plan for the development of transport has taken shape. It consists of the appointment of a transport adviser to the Planning Commission and also of the appointment of a study group. In the study group are included the representatives of the Ministries of Transport, Commerce and Industry, Food and Agriculture, Production, Labour and Irrigation and Power. The adviser and the study group have been enjoined to act in close liaison with each other.

This step follows the submission by the State Governments to the Planning Commission of their specific requirements of development in transport to sustain their approved schemes in the public sector as well as probable schemes of expansion in the private sector. It will be recalled that following the inclusion of road transport in the official eleven-point programme to solve the unemployment problem, the State Governments were called upon to present their expansion schemes in respect of road transport. If sufficient thought had been given to the preparation of these schemes when the Five-Year Plan was finalised, this new presentation of schemes can have no greater value than that of a revised and enlarged version. The truth, however, seems to be that no such attention was bestowed and transport expansion was planned on a haphazard basis. From published reports about the prescribed scope of the immediate task of the study group it transpires that there is no idea of drawing up comprehensive plans for the development of all the different forms of transport right now. Immediate preference has been given to schemes of expanding facilities for road transport. This is unobjectionable. Railway development is a long-term affair and in the immediate context, assuming that adequate arrangements would be made for provision of finance, increase of capacity to eliminate any probable bottlenecks in rail traffic appears to be impracticable. Road transport schemes on a regional basis will be given priority, firstly, to relieve congestion in the railways, and secondly, to raise the supply of transport services for medium hauls. Simultaneously with it a potential avenue will be created to absorb job-seekers. The study group acting in collaboration with the adviser is not expected to tackle the problems of railways, shipping and inland navigation except incidentally. Its main assignment will be roads.

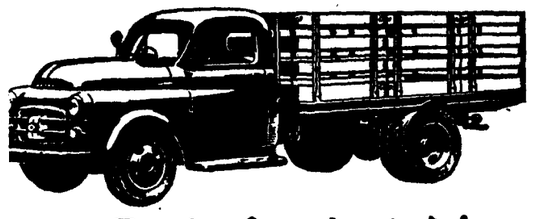
WORLD BANK LOAN

The International Bank for Reconstruction and Development recently announced a new issue of $100,000,000 Fifteen-Year 3½ per cent dollar bonds, to be placed on the market on January 12 by a nation-wide underwriting group of 167 investment firms and banks, jointly headed by The First Boston Corporation and Morgan Stanley and Co. Of the total, $98,000,000 of the bonds have been offered in the United States at a price of 100 to yield 3.50 per cent to maturity date of January 1, 1969. The remaining $2,000,000 are underwritten by the Credit Suisse, Zurich, Switzerland, and will not be offered in the United States market.

The offering represents the fourth and largest issue of World Bank bonds to be brought out in the United States on a negotiated underwriting basis. Earlier negotiated issues included a $75,000,000 Three-Year 3 per cent loan sold in September, 1953; a $50,000,000 issue of Twenty-three-Year 3⅜ per cent bonds offered in May, 1952 and $60,000,000 of Nineteen-Year 3½ per cent bonds marketed in October, 1952. The three issues were successfully distributed by syndicates headed by The First Boston Corporation and Morgan Stanley and Co.

Total outstanding funded debt of the Bank, giving effect to issuance of the new bonds, will consist of $753,479,877 expressed in U.S. currency. Of this total, $675,000,000 constitute U.S. dollar bonds, $13,636,364 Canadian dollar bonds, $14,000,000 pound sterling bonds and $50,843,513 Swiss franc bonds.

DE SOTO
TRUCKS



Right for the job!

There is a new De Soto Truck that is best for your hauling job—on any road ... with any load ... at the speed you need.
Now ... more than ever before ... De Soto brings you lasting value.
You get greater horsepower, easier handling, more braking safety, plus a host of new advantages.
See for yourself how new De Soto Trucks can help our business. Come in today.

THE PREMIER AUTOMOBILES LTD.
Factory: Agra Road, KURLA.
Head Office: Construction House, Ballard Estate, Bombay
DEALERS: NEW INDIA MOTORS LTD.
H/71, Connaught Circus, New Delhi.



Your "next day" neighbour...

AUSTRALIA

6 SERVICES A WEEK

5 from CALCUTTA

1 from BOMBAY

Fully pressurized Constellation airliners. Complimentary meals and meal-time drinks in flight. No tips or extras. Liberal stop-over privileges. Fare includes first class hotel accommodation, meals and surface transport at scheduled night-stops.

	Single Fare	Return Fare
CALCUTTA / SYDNEY	Rs. 2120 —	Rs. 3816 —
BOMBAY / SYDNEY	Rs. 2320 —	Rs. 4176 —

Consult your local B.O.A.C. Appointed Agent, or B.O.A.C. Offices in Bombay, Delhi. Calcutta or Madras

FLY BY B·O·A·C AND QANTAS

BRITISH OVERSEAS AIRWAYS CORPORATION IN ASSOCIATION WITH QANTAS EMPIRE AIRWAYS LIMITED

COMPANY AFFAIRS

THE BLUE MOUNTAIN ESTATES LTD.

The directors' report of the Blue Mountain Estates Ltd. (*Managing Agents: Messrs. Kothari and Sons. Ltd.*) for the year ended 30th June, 1953, shows that the estates harvested a record crop of 11,66,119 lbs. of coffee at a reasonably low cost. Accordingly, the net profit for the year shows an improvement of Rs. 46,910 from Rs. 4,91,018 to Rs. 5,37,928. The directors have, therefore, proposed a higher rate of dividend on ordinary shares at 12½ per cent as compared with 10 per cent in the previous two years.

Mr. C. M. Kothari, Chairman of the estates, struck an optimistic note in his speech at the tenth annual meeting held on the 7th December, 1953. He said, "Judging from the statistics available regarding the production, consumption and demand for tea and coffee in several countries, I personally feel that both these plantation crops have a bright future. Regarding tea, though America is the second largest importer of tea today being next only to Great Britain, it is surprising that the level of consumption per head in America is only 0.6 pounds as against 9.3 pounds in the U.K., 5.9 pounds in Australia and 3.6 pounds in Canada in 1952. Hence there is great scope for increased consumption in the United States which can be brought about by intensive propaganda."

It may be remarked here that Mr. Kothari recently toured both Canada and the United States on behalf of the Government of India. Mr. Kothari is confident that all the steps which the Government of India have taken and are taking in popularising Indian teas in both these countries must grow effective over a period of years.

THE BISRA STONE LIME CO., LTD.

The working results of the Bisra Stone Lime Co., Ltd. (*Managing Agents:* Bird and Co., Ltd.) for the half-year ended 31st March, 1953, disclose improvement in output and sales of limestone, dolomite and lime. Raisings of limestone at 4,65,456 tons increased by 19,881 tons over the previous half-year. Dolomite raisings increased from 11,271 to 16,648 tons while lime output showed a satisfactory increase of 1,50,486 maunds over the preceding accounting period. The figures for sales also show a similar upward trend.

The profit and loss account shows a credit balance of Rs. 92,485 after making the necessary provisions for depreciation, taxation, etc. and including the amount of Rs. 15,680 brought forward from the previous half-year. The directors have recommended a dividend of fourteen annas per share (without any deduction for income-tax paid by the Company) absorbing Rs. 87,500. The balance of Rs. 4,985 is proposed to be carried forward.

The Company was comparatively free from labour trouble during the half-year under-review.

"THE COTTON AGENTS GROUP" OF SUGAR COMPANIES

The audited accounts of the New India, Upper Ganges and Bharat Sugar Mills (*Managing Agents:* The Cotton Agents Ltd.) for the year ended 30th June, 1953, are now available for review. Upper Ganges seems to have done extremely well as compared with the other two mills. The figure for its net sales at Rs. 281.52 lakhs shows an improvement of 57 per cent over the previous year whereas the corresponding figures for New India and Bharat show sizable declines. Sales of New India have dropped from Rs. 131.99 to Rs. 102.36 lakhs and that of Bharat from Rs. 71.24 to Rs. 61.23 lakhs.

Because of favourable working results, the allocations for taxation and depreciation have been stepped up in the case of Upper Ganges. Provision for depreciation has been increased from Rs. 8.50 to Rs. 10.00 lakhs while that for taxation has been enhanced from Rs. 2.75 to Rs. 4.00 lakhs. Bharat has maintained the provision for depreciation at Rs. 60,000 but has enhanced that for taxation from Rs. 2.68 to Rs. 4.40 lakhs. New India's total allocation for depreciation and taxation is slightly less than that of the preceding year.

Upper Ganges has made no allocations to reserves or renovations but Bharat has provided Rs. 1.50 lakhs for "renovation and renewals" while New India has transferred Rs. 2.00 lakhs to the "general reserve". Of all the three, Upper Ganges alone has been able to step up its ordinary dividend rate from 20 per cent to 25 per cent per annum. Bharat maintained its ordinary dividend at 15 per cent and New India at 25 per cent.

The salient statistics regarding the working of the three mills during the last three years are outlined below:

	New India			Upper Ganges			Bharat		
	1951	1952	1953	1951	1952	1953	1951	1952	1953
(1) Sales (Rs. lakhs)	101.53	131.99	102.36	132.82	179.54	281.52	72.50	71.24	61.23
(2) Manufacturing expenses (Rs. lakhs)	107.74	81.17	76.45	139.68	208.84	152.68	58.39	49.27	43.68
(3) Net profit (Rs. lakhs)	9.88	9.15	4.63	2.64	3.24	2.64	5.37	3.66	2.11
(4) Provision for taxation (Rs. lakhs) ..	8.90	6.40	5.10	4.00	2.75	4.00	4.55	2.68	4.40
(5) Provision for depreciation (Rs. lakhs)	1.30	1.20	1.40	9.00	8.50	10.00	0.40	0.60	0.60
(6) Provision for renovation and renewals (Rs. lakhs)	4.00	..	..	..	..	..	4.00	..	1.50
(7) Transfer to general reserve (Rs. lakhs)	3.00	7.50	2.00	..	..	..	..	1.50	..
(8) Ordinary dividend rate per cent per annum	25	25	25	20	20	25	15	15	15

THE BOMBAY SAFE DEPOSIT CO., LTD.

The audited accounts of the Bombay Safe Deposit Co., Ltd., (Managing Agents: Forbes Campbell & Co., Ltd.) for the year ended 30th September, 1953, show a slight decline in profit from Rs. 79,340 to Rs. 76,959. After making the necessary allocations, the balance available for distribution amounts to Rs. 43,661 as against Rs. 46,202 in the preceding year. The directors have, therefore, scaled down the dividend from Rs. 35 per share, free of income-tax, to Rs. 32 per share.

CONSOLIDATED COFEE ESTATES (1943) LTD.

The net profit of the Consolidated Coffee Estates Ltd. for the year ended 30th June, 1953, at Rs. 19,29,700 is slightly lower than the preceding year's net profit of Rs. 19,32,315. Provisions for taxation and depreciation have also been slightly scaled down but the directors took the prudent decision of transferring Rs. 10 lakhs to "General Reserve" and Rs. 1 lakh to the "Reserve for Debenture Redemption Fund" in view of the may uncertainties related to the marketing of coffee in India today. The ordinary dividend has also been proposed at a lower rate of 15 per cent per annum as against 18 per cent in the preceding year.

Mr. Ivor Bull, the Chairman of the Estates, outlined in his address to the shareholders the following three instances of incorrect policies of the Government in regard to the coffee industry during the last two years:

(a) The export policy of Government in 1952 resulted in a rise in internal prices which was unprecedented.

(b) The halving of the quantity of coffee, exposed in Pool auctions in December, 1952, followed by the failure to hold Pool auctions in January, resulted in coffee prices rising again, whilst the Coffee Board was left with no finance to meet even the initial payments to growers when they delivered their coffee to the Pool.

(c) The lack of any internal or export sales policy in 1953 has resulted in the accumulation of vast and deteriorating stocks of coffee, mostly robusta, which could have been exported, but must now be consumed in India, and, once again, the Board are unable to meet their commitments to the growers.

A fourth instance of incorrect policy has arisen recently regarding "a fair return to the grower for his produce". According to Mr. Ivor Bull, an arbitrary and incorrect decision has been taken in fixing the price of coffee at a lower rate and this is already causing distress to the growers.

COFFEE LANDS AND INDUSTRIES (MYSORE) LTD.

The seventh annual report of the above company for the year ended 30th June, 1953, shows a substantial drop in net profit from Rs. 4,22,557 in 1952 to Rs. 92,955 in the year under report. Provision for depreciation has absorbed Rs. 1,10,677 and taxation Rs. 35,350. No allocations have been made for general reserve or the dividend equalization fund. The ordinary dividend has also been scaled down from 9 per cent to 3 per cent per annum. The directors stated: "Were it not for the fact that there was a carry forward of profit on the previous years' stocks the working of our estates for 1952-53 would have resulted in a loss owing to the lower prices which have been fixed for coffee, this in spite of the fact that the crop for the year was the highest harvested to date".

	Coffee Land and Industries (Mysore) Limited.			The Consolidated Coffee Estates Limited.		
	1951	1952	1953	1951	1952	1953
Net profit (Rs.)	4,04,896	4,22,557	92,955	17,17,598	19,32,315	19,29,700
Depreciation	92,420	1,01,513	1,10,677	2,04,698	2,67,319	3,43,282
Taxation	85,000	..	35,350	5,22,000	5,00,000	4,00,000
Transfer to General Reserve ..	1,50,000	1,50,000	..	10,00,000	11,11,321	10,00,000
Transfer to Dividend Equalisation Fund	52,030	52,030	..	..	..	..
Ordinary Dividend per cent per annum	9	9	3	20	18	15

HOWRAH MILLS CO., LTD. & THE RELIANCE JUTE MILLS CO., LTD.

The working results of both Howrah and Reliance Jute Mills for the half-year ended 30th September, 1953, are not very encouraging. While sales are up in the case of both the mills, gross profits have declined with the result that the ordinary dividend of Howrah has been scaled down and that of Reliance has been maintained at the preceding period's level.

The figure for sales of the Howrah Jute Mills shows a sizable improvement from Rs. 151.43 lakhs to Rs. 171.71 lakhs. The net profit at Rs. 4.59 lakhs compares unfavourably with a net profit of Rs. 5.54 lakhs in the previous half-year. Provision for taxation has naturally been cut from Rs. 7.26 lakhs to Rs. 5.00 lakhs while that for depreciation has been maintained at Rs. 2 lakhs. The ordinary dividend has been cut from As. 14 to As. 10 per ordinary share i.e. from 17½ per cent to 12½ per cent per annum.

The sales of Reliance, like that of Howrah, are up from Rs. 81.57 lakhs to Rs. 101.24 lakhs. Net profit is down by 50 per cent from Rs. 4.56 lakhs to Rs. 2.15 lakhs. Depreciation has dropped from Rs. 1.50 lakhs to Rs. 1 lakh. The ordinary dividend has been maintained at As 4 per share.

The directors report that the trading conditions during the period under review have not been easy. Hessian prices advanced during the half-year due to a multiplicity of causes but sacking prices lagged behind and at no time during the period was it possible to manufacture heavy goods at a profit.

	Reliance		Howrah	
	31st March, 1953	30th Sept., 1953	31st March, 1953	30th Sept., 1953
Sales (Rs. lakhs)	81.57	101.24	151.43	171.71
Net Profit (Rs. lakhs)	4.56	2.15	5.54	4.59
Depreciation (Rs. lakhs)	1.50	1.00	2.00	2.00
Ordinary Dividend Rate per cent per annum	5	5	17½	12½

COMMODITY NEWS AND NOTES

SAMPLE SURVEYS TO ESTIMATE RICE PRODUCTION

Shri Rafi Ahmed Kidwai, Food Minister, said recently in the House of the People that sample surveys for estimating production of rice were being carried out in the main rice-producing States (except Orissa), but the results of such surveys would not be available before February or March 1954. The present indications, however, were that the rice crop this year would be much better than last year. He added that there had been a fall in the prices of rice in West Bengal, Madhya Pradesh, Madras and Andhra during the last three months and it was anticipated that this falling tendency in the prices would persist during the next few months of the harvest season. Government, he added, were watching the situation very carefully. In case it was found that the prices in any area fell below the economic level, suitable measures would be taken to give necessary support to the price-level so as to ensure reasonable prices for the producers. The internal surplus of rice this year, he said, was expected to be sufficient to meet the requirements of the deficit States, but it might not be possible to purchase any substantial quantity of rice internally to build up a central reserve.

EXPORT OF BLACK PEPPER IN 1953

Export of Black Pepper in 1953 is estimated at around 11,000 tons. This is a bit lower as compared with 12,600 tons in 1952. Although the fall in quantity is not much, the decline in terms of value is expected to be bigger in view of the comparatively lower prices fetched in 1953. During December 1953 our pepper exports have amounted to 940 tons as compared with 722 tons in the previous months, which is a healthy sign. U.S.A. remains the main buyer, while U.K., Canada and Italy have increased their purchases. It is expected that the new crop will be at about 22,000 tons, comprising 13,000 tons from Travancore-Cochin State and 9,000 tons from Malabar. It is larger than the previous year by 2,000 tons.

JUTE OUTPUT MAY FALL IN ASSAM

Assam is expected to produce over five lakh maunds of jute less this year than last year. According to the preliminary forecast available, the State will produce 40,34,535 maunds of jute in 1953-54, as against 45,61,435 maunds in 1952-53. The total area under jute this year is estimated to be 2,56,000 acres, as against 3,13,273 acres last year. The decrease in area under jute this year was stated to be due to a slump in the jute market in the beginning of the season and unfavourable weather conditions such as drought and floods in certain districts at the sowing period. The insect pests also accounted for a considerable loss in the standing crops in the middle of the season.

BRIGHT PROSPECTS FOR COAL EXPORTS

Prospects for India's coal export this year seem to be bright according to a spokesman of the principal missioner's office. While Japan, one of the principal buyers of Indian coal, is expected to renew her contract for about 7,00,000 tons, Ceylon has already agreed to import 2,50,000 tons of Indian coal. In the current year Burma, another prominent buyer, will take 3,00,000 tons. India is stated to have the best chance of getting the contract for supplying 2,00,000 tons to South Korea, negotiations for which are in progress.

SPAIN'S OLIVE OIL OUTPUT RISES

Olive oil production was estimated in 1953 at 2,80,000 metric tons, compared with 2,00,000 tons in 1952. It was expected that the crop, added to estimated reserve of 80,000 tons from the unusually high 1951 yields, would be sufficient to meet national needs, which average 2,70,000 tons a year, and leave a small margin for export.

RECORD COTTON SURPLUS PREDICTED IN U.S.A.

The Department of Agriculture reported recently that domestic cotton use was showing a 5 per cent decline from last year and predicted a post-war record of about 96,00,000 surplus bales would be left over at the end of the season. The Agricultural Marketing Service noted that domestic consumption in the first quarter of the 1953-54 year was 30,00,000 bales, about 5 per cent below last year.

KATKI LAC CROP ESTIMATE

According to the preliminary estimates of the Indian Lac Cess Committee, the Katki lac crop in India for the year 1953 is expected to be 1,71,000 maunds as against a normal crop of 2,98,000 maunds. The estimate for the same crop for the previous year was 1,36,000 maunds. The poor crop throughout the country is due mainly to brood shortage caused by a poor Bysakhi crop and a very hot summer. The crop is poor even in areas where the Katki is usually good.

PEAK WORLD PRODUCTION IN SUGAR

Total world output of sugar in the 1953-54 season is expected to be 38.2 million tons—easily the highest figure ever reached. The estimate is some 2½ million tons over last season's figure. Most of it is accounted for by the sharp rise in output indicated in Europe, the remaining increase being fairly evenly divided among other producers.

WORLD COFFEE PRODUCTION

The Foreign Agriculture Service of the U.S. Department of Agriculture estimates the 1953-54 world coffee production at 40.6 million bags (132.276 lbs. each) compared with 40.3 million last season. This will allow 32.1 million bags of the current crop available for export, a post-war record. Brazil continues to be the largest contributor to world coffee supply, with a total output possible of 19.6 million bags and export availability of about 15.6 million bags against 15.2 million in the 1952-53 crop.

SALE OF IMPORTED WHEAT IN ORISSA

In pursuance of their decision of decontrolling wheat, the Government of India will be undertaking from January the sale of overseas wheat from Central storage depots to licensed dealers, including such licensed millers as produce atta up to the wholesale stage in the State of Orissa. Stocks will be issued from Central Government storage depots, and wheat atta will be available for retail sale through the normal channels in the free market without any quantitative limit. In the districts, wheat will be similarly available through the normal trade channels.

GRADING OF TOBACCO UNDER AGMARK

India earned nearly Rs. 16.7 crores of foreign exchange through tobacco exports during the year 1951-52. Of this amount, nearly Rs. 14 crores were through the ports of unmanufactured tobacco. While the U.K. has continued to be the principal buyer, Indian tobacco is gaining steady popularity in many countries and has already established itself, among others, in Pakistan, the Netherlands, Belgium, Egypt, Japan and Ceylon. The reason why Indian tobacco has come to occupy a place on the competitive world markets is, in a large measure, due to the enforcement of quality control on exports on the basis of Agmark grades.



THE ASSOCIATED CEMENT COS., LTD.

Speech of the Chairman, Shri Dharamsey M. Khatau.

The Seventeenth Annual General Meeting of the Associated Cement Cos., Ltd., was held in Bombay on Friday, 15th January 1954. The Chairman, Shri Dharamsey M. Khatau, referring to the concepts of a Welfare State and a Mixed Economy said: "A Welfare State must rely for its fulfilment on the efforts of its people. It is, therefore, vital at this stage of the nation's development that stress be laid on the responsibility for hard work and all-out effort, which both industrialists and workers must face up to in order to achieve the national goal."

"So far as 'Mixed Economy' is concerned," the Chairman continued, "it is important that both the public and private sectors understand clearly the principles on which its operation is based. As I see it, these principles envisage the development of two distinct and clearly defined spheres of industrial activity, each complementary to the other, each fortifying the other, and both knowing that they can count upon operating within the security of a nationally accepted long-term plan of economic development."

Speaking of the attitude of Government and the public towards private enterprise, the Chairman observed: "Today, the morale of the industrialist is at a low ebb. He constitutes a ready target, and is often the subject of abuse in public speeches. He is painted as an anti-social evil thriving as a parasite on the exploitation of other's efforts; as a person to be tolerated only for as long as is necessary to bring about his replacement. If private enterprise is to achieve that which the nation expects of it, then this attitude should change. We do not expect either molly-coddling or fulsome praise, but is it too much to hope that when we have been able to contribute very substantially to the advancement of national interest, at least some gesture of appreciation, or some word of encouragement should be forthcoming from the responsible leaders of our country? Whatever social and political form Indian economy might eventually take, it is clear that during the foreseeable future at any rate, private enterprise is not only necessary but is essential. No one can doubt that the industrialist will be encouraged to undertake his task with infinitely greater resolution when he knows that his initiative and endeavours are appreciated and accepted as an honourable contribution towards the betterment of the nation. We make no plea for the condoning of malpractices in the field of industry. Whenever these occur, either in the public or private sectors, they must be rooted out and given no quarter. What we do ask is that Government and the enlightened public learn to differentiate between the good and the bad, that all are not painted with the same brush, and that the good element is given the support and encouragement which it deserves and is entitled to."

UNEMPLOYMENT

The Chairman then referred to the crucial problem of unemployment in the country, the major cause of which was the terrifying rate at which the population was increasing, and hoped that the work being done to rationalise population would be further intensified, so that the rate of increase might be brought within manageable bounds in a reasonable period of time.

Referring to the role of industry in solving this problem, the Chairman continued: "I would like to take this opportunity of sounding a note of warning to those who advocate that one solution of the unemployment problem lies in industry being compelled to employ a larger number of workers than is necessary for the manufacture of its products. Such action would not only fail to ease the situation, but would inevitably further provoke it. This problem cannot be tackled by frustrating efforts at increasing the efficiency and output of labour. The best contribution which industry can make towards the provision of better jobs for more people is by the creation of greater wealth through higher efficiency, and the utilisation of this wealth to develop more industries. Thus alone will it be capable of providing expanding opportunities for employment.

PRODUCTION AND SALES

Reviewing the progress of the Company during the year, the Chairman said: "We have produced and sold a substantially larger quantity of cement than was the case last year. When it is remembered that the production and sales for the year 1951-52 were also considerably higher than the previous year, shareholders will appreciate the very strenuous and sustained efforts which the Company has made to increase production. Unfortunately, even though production and despatches have been very much higher this year than they were during the year 1950-51, the profits of the Company are less now than they were then. This unhappy position is due to an increase in production costs beyond our control, which has not been compensated for in the selling price allowed by Government."

TARIFF COMMISSION

Referring to the Tariff Commission enquiry, the Chairman stressed that the Company had pointed out the necessity of its being enabled to earn enough to provide for the modernisation and rehabilitation of its older plants, as well as to allow for the expansion programme laid down in the Five-Year Plan. Continuing he said: "It is understood that arising out of this enquiry the Tariff Commission had recommended to Government that the profits of the Company should be limited to a 10 per cent return on the gross block and a 4½ per cent return on the working capital employed. Out of this profit element the Company is expected to meet not only taxation and dividends, but also bonus to employees and Managing Agents' commission. The latter two items have not been accepted as items of cost. When it is so transparently clear that management is an integral part of the Company's organisation, and indeed is responsible for providing its very direction, and that bonus to labour results from adjudications ordered by Government itself, then it is difficult to understand the reasoning which excludes expenditure under these heads as being part and parcel of the cost structure. The result is that after paying agency commission, taxation and bonus to employees, the return of 10 per cent on gross block is reduced to about 4 per cent. I submit that in any country, much more so in an underdeveloped one like ours, where the immediate need is for the production of greater wealth through rapid and efficient industrialisation, such a poor return is grossly inadequate to provide the incentive for people to save, and to risk their savings in the promotion of industrial expansion."

The Chairman went on to say that though he had hoped that the Government would take a more realistic view of the profits which the Company should be permitted to earn, the present indications were to the

contrary, and that even the meagre increase in selling price recommended by the Tariff Commission was not likely to be sanctioned.

He then added: "The Cement Industry as a whole, and the A.C.C. in particular, can show a record of achievement which I submit will bear favourable comparison with other industries in the country. Your Company has always adopted a policy of producing and marketing the maximum quantity of cement at the lowest price possible, consistent with the aims of maintaining its plant efficiently; providing a reasonable return to its shareholders; anticipating and providing for the growing needs of the nation; and ensuring the well-being and welfare of its work people. Further, it has consistently followed the practice of ploughing back every surplus rupee into the strengthening of the business, so as to create greater national wealth and increasing employment. In fact I believe that the A.C.C. can with every justification claim to have achieved all that is best in robust private enterprise. It has justified the confidence reposed in it not only by its workers and shareholders, but also by its consumers, namely, the public and Government. In view of this record it is my earnest hope that Government will allow this Company a fair selling price in the secure knowledge that the incentive so provided will be utilised to the fullest effect in furthering the interests of the industry and those of the country."

PLANT REHABILITATION AND EXPANSION

The Chairman next reviewed the progress maintained by the Company under its Plant Rehabilitation and Expansion programme and stated that since the Company embarked upon its post-war expansion programme, it had already increased its annual capacity by 11 lakhs of tons. Plans had been translated to continue this expansion further, and to carry out a systematic programme for the modernisation and rehabilitation of several of the older factories. Under these schemes, it was intended to modernise the factories at Shahabad, Kymore, Dwarka, Kistna and Patiala.

Referring to the Sindri factory now under construction, the Chairman observed that the first unit of this plant with an annual capacity of 100,000 tons of cement would come into production in the latter half of 1955, and that a second unit with a similar capacity would begin operation a few months later. These expansion and rehabilitation projects had been designed and were being carried out entirely by A.C.C. engineers and technicians and a great majority of the machinery for these projects were manufactured in the Company's Workshops.

The Chairman continued: "As and when this programme is completed, your Company will have added a further annual capacity of 1,000,000 tons of cement over and above the 1,100,000 tons which I have already reported. The ability of the Company to achieve this programme must of course depend on its earning capacity and this in its turn must necessarily be regulated by the selling price permitted to us by Government."

PAKISTAN

Referring to the Company's factories in Pakistan, the Chairman remarked that negotiations were still going on with the Pakistan Industrial Corporation for the formation of a new Company in that country, and when negotiations were concluded, the matter would be placed before the shareholders for their consideration.

LABOUR MANAGEMENT RELATIONS

Turning to labour relations, the Chairman observed: "It is with some sorrow that I must again report to you this year that even though there has been an appreciable increase in the wage bill resulting from voluntary increments given by the Company, adjudication awards, labour legislation, etc., this has not been reciprocated by a corresponding increase in production effort on the part of labour.

"So far as the management of your Company is concerned, we believe that in the human will to work lies the greatest single source of productivity. We accept also that it is an inescapable function of management to ensure that our work people are given such material benefits as lie within the earning capacity of the Company. Further that they are provided with security and the opportunity to advance; and are treated as useful and essential members of society, whose day-to-day work is conducted in an atmosphere of personal dignity. It is to the attainment of these ends that we have dedicated our labour policies. And it is towards their achievement that we shall continue to strive.

"The attitude, however, of labour leadership, as I see it, is still most discouraging. It continues to emphasise increasingly the privileges which are due to labour, and to make on its behalf exorbitant and impossible demands. Little effort is made to enunciate the responsibilities that are labour's in the promotion of industrial progress, which alone can create the wealth required to provide a betterment in the standard of living. Government policy also takes the form of producing a bewildering succession of labour legislation without proper consideration of the impact which this must have on the industrial structure. The attitude is still abroad in Government that they must protect labour against the wiles of unscrupulous employers. These approaches to this essentially human problem on the part of Government and Trades Union leadership frustrate all attempts at increasing efficiency and the per capita output. Ultimately this will retard economic progress, and imperil the competitive position of Indian products in world markets.

"The crying need of the hour is for an immediate cessation of the studiously fostered propaganda by labour leadership that Indian capital is based on the exploitation of its work people. This attitude should be substituted by an approach which advocates joint endeavour by honourable men, imbued with a determination to make the country industrially prosperous, and in doing so to provide material well-being and social welfare."

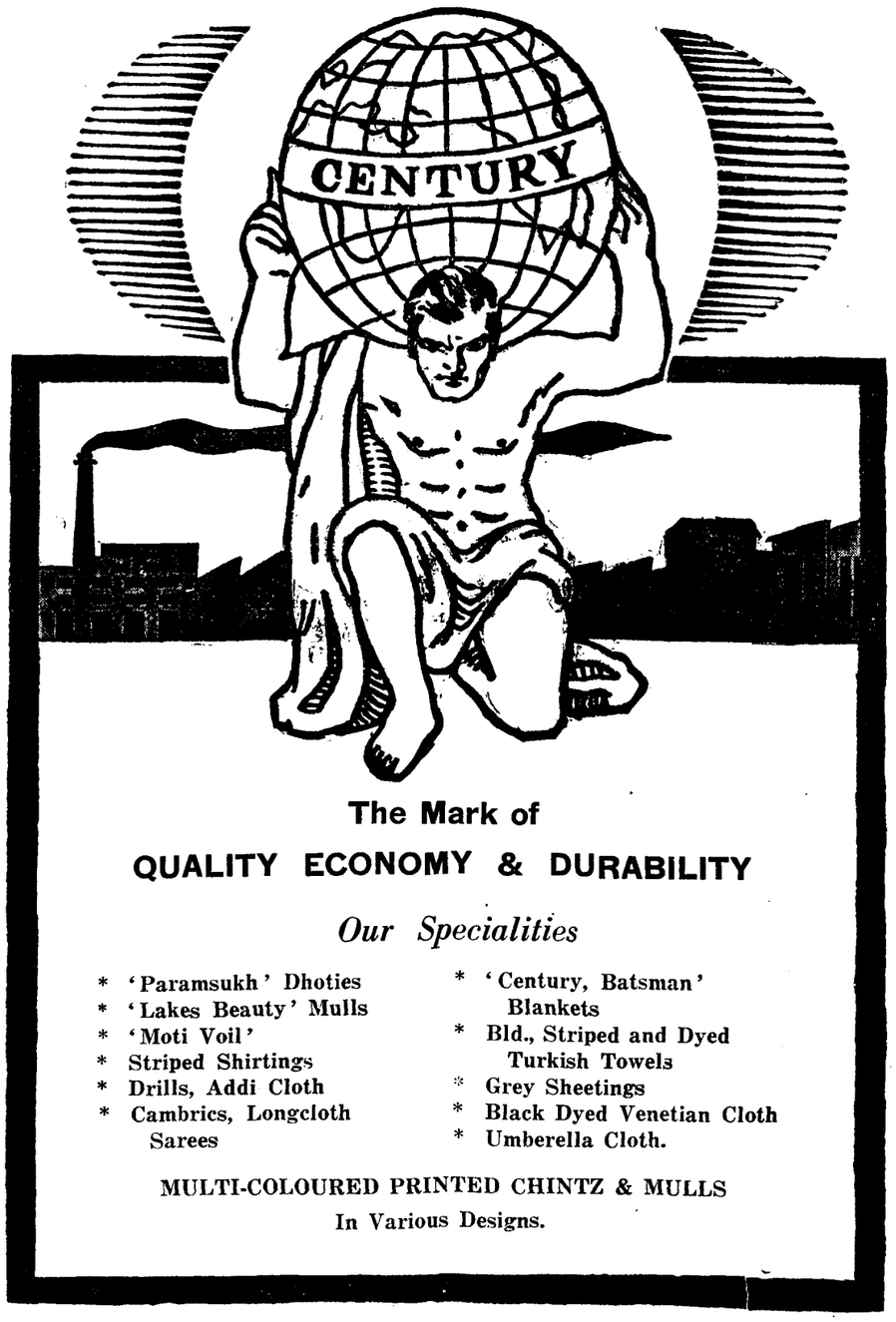
BONUS SHARES

The Chairman then announced that sanction of the Central Government to the issue of fully-paid bonus shares in the ratio of one such share for every five shares held had now been obtained, and steps were being taken to call an Extraordinary General Meeting of the Shareholders for this purpose.

BONUS TO STAFF

The Chairman then stated that the Board had recommended this year the payment of a bonus equivalent to three months' basic earnings to the employees at the Head Office, the Works, and other places, and concluded by referring to the Company's appreciation of the loyalty and efficiency of the staff and operatives.

The report and the audited statement of accounts for the year ended 31st July, 1953, were then adopted.



The Mark of

QUALITY ECONOMY & DURABILITY

Our Specialities

* 'Paramsukh' Dhoties
* 'Lakes Beauty' Mulls
* 'Moti Voil'
* Striped Shirtings
* Drills, Addi Cloth
* Cambrics, Longcloth Sarees
* 'Century, Batsman' Blankets
* Bld., Striped and Dyed Turkish Towels
* Grey Sheetings
* Black Dyed Venetian Cloth
* Umberella Cloth.

MULTI-COLOURED PRINTED CHINTZ & MULLS
In Various Designs.

THE CENTURY SPG. & MFG. CO., LTD.
Head Office:
Queen's Mansion, Prescot Road, Fort, BOMBAY.

Gram: Century Phones: 31904, 30435, 21397

Managing Agents: BIRLA BROTHERS LTD.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360 0*	369.5	619.8	397.4	90.6	100.4	86.8	94.0
June ,, c ..	398.9	481.6	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	4.4
July ,, c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448 0	353 4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441 4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
Week Ending										
14-11-1953 ..	381.6	437.3	353.3	367.8	715.7	391.4	90.2	101.3	87.1	95.3
21-11-1953 ..	375.6	446.8	357.2	366.6	714.4	391.3	90.2	101.4	87.2	96.6
28-11-1953 ..	370.6	444.3	359.4	362.9	711.5	388.6	90.2	101.4	87.3	97.4
5-12-1953 ..	368.4	446.4*	356.5*	363.5	710.4	387.7	90.2	101.5	87.6	98.3
12-12-1953 ..	363.4	452.0	356.7	363.8	710.6	387.2	90.3	101.5	87.7	98.3
19-12-1953 ..	367.6	464.9*	355.7	363.5	712.4	390.2*	90.3	101.6	87.8	98·0
26-12-1953 ..	368.8	474.5	357.5	364.1	712.5	392.6	90.3	101.8	88.1	98.0
2-1-1954 ..	377.2	471.4	357.6	364.0	712.2	394.9	90.3	101 8	88 1	97.9

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

WORKING CLASS COST OF LIVING
(August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934=100	Ahmedabad July 1927=100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	104	—	106	—	—	—
1946	246	259	209	108	275	328	285	101	235	119	103	106
1947	265	279	219	122	309	378	320	123	272	142	123	120
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	144
1953 January	330	346	260	135	337	454	381	146	327	144	149	139
February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160p	355	148	158	152
August	358	376	285	144	373	469	397	157p	352	149	160	152
September	353	371	283	145	366	464	391	154p	351	150	163	150
October	350	368	282	144	349	457	389	—	352	—	—	—
November	—	361	280	144	339	453	—	—	353	—	—	—
December	—	—	—	—	—	—	—	—	—	—	—	—

† Base 1944=100 p—Provisional.

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	16-1-1954			9-1-1954			2-1-1954			26-12-1953		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	83- 2	82- 6	82-12	83- 3	82- 1	82-12	82-14	81-13	82- 7	83- 8	81-15	82-11
Silver (per 100 fine tolas)	155-12	154-10	155-10	156- 2	153- 4	155- 6	153- 6	151-14	152-10	152-15	151-11	152- 5

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32.36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95.01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
Week Ending										
13-11-1953	1,109,24	16,33	1,125,57	40,02	568,15	608,17	54.03	96,02	421,38	1,125,57
20-11-1953	1,101,05	25,25	1,126,31	40,02	568,15	608,17	54.00	96,76	421,38	1,126,31
27-11-1953	1,096,85	30,19	1,127,04	40,02	568,15	608,17	53.96	97,49	421,38	1,127,04
4-12-1953	1,114,42	11,66	1,126,08	40,02	568,15	608,17	54.01	96,53	421,38	1,126,08
11-12-1953	1,123,20	12,41	1,135,61	40,02	578,15	618,17	54.43	96,06	421,38	1,135,61
18-12-1953	1,121.21	14,61	1,135,83	40,02	578,15	618,17	54.42	96,28	421,38	1,135,83
25-12-1953	1,125,52	10,37	1,135,89	40,02	578,15	618,17	54.42	96,34	421,38	1,135,89
1-1-1954	1,132,15	13,82	1,145,97	40,02	588,15	628,17	54.82	96,42	421,38	1,145,97
8-1-1954	1,154,76	9,65	1,164,40	40,02	608,15	648,17	55.67	94,85	421,38	1,164,40

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	485
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	414
	(14,33)	(3.04)								(i)				
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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
Week Ending														
13-11-1953	101,32	27,09	49,50	57,26	235,17	18,05	263,22	16,57	3,22	142,81	27	11,19	82,32	6,85
20-11-1953	94,75	30,15	62,11	56,83	243,84	17,48	271,32	25,49	3,23	142.69	86	10,83	81,25	6,98
27-11-1953	98,09	24,38	69,82	56,86	249,15	18,46	277,62	30,44	5,00	141,56	1,37	11,01	81,14	7,09
4-12-1953	90,43	22,24	60,79	58,09	231,55	19,11	260,65	11,81	5,36	144,85	1,38	10,93	79,13	7,19
11-12-1953	92,22	19,31	55,76	57,53	224,83	20,36	255,19	12,61	8,97	137,11	2,53	11,06	75,67	7,23
18-12-1953	106,11	18,97	48,69	57,19	230,95	20,84	261,79	14,82	9,65	141,21	1,49	12,61	74,75	7,25
25-12-1953	110,24	18,79	45,99	56,93	231,95	20,45	262,40	10,60	11,35	144,46	1,84	11,83	74,72	7,60
1-1-1954	113,43	19,48	46,70	58,35	237,97	21,79	269,76	14,07	15,26	139,32	1,15	16,05	76,25	7,66
8-1-1954	107,01	15,05	40,05	58,00	220,12	21,69	251,81	9,80	15,78	122,25	1,95	19,02	75,29	7,72

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

INDEX NUMBER OF NATIONAL INCOME IN CONSTANT PRICES

(Base: 1948=100)

Country	1938	1939	1946	1947	1948	1949	1950	1951	1952
Austria ..	—	—	—	—	100	120	136	147	147
Bulgaria ..	—	96	—	—	100	102	117	159	—
Burma ..	139	—	—	85	100	90	85	97	103
Canada ..	56	60	96	97	100	103	109	115	122
Colombia ..	—	—	84	95	100	115	119	—	—
Cuba ..	—	73	93	107	100	105	—	—	—
Czechoslovakia ..	89	—	—	—	—	100	107	123	141
Denmark ..	—	—	—	97	100	105	113	113	115
Finland ..	90	87	—	—	100	105	111	122	120
Germany (W) ..	97	—	—	—	—	100	114	127	135
Greece ..	140	—	71	95	100	122	125	133	130
Guatemala ..	—	—	67	76	100	90	89	96	108
Hungary ..	121	—	73	100	—	130	151	180	188
Ireland ..	89	—	—	—	100	104	108	109	105
Japan ..	116	—	71	86	100	114	120	129	149
Mexico ..	—	54	94	95	100	105	116	—	—
Netherlands ..	87	91	79	88	100	107	110	111	114
Norway ..	79	82	85	96	100	106	112	114	—
Peru ..	—	—	102	100	100	115	131	144	—
Poland ..	—	—	64	82	100	118	142	160	176
Puerto Rico ..	—	52	—	96	100	103	—	—	—
S. Rhodesia ..	—	58	76	86	100	107	122	125	—
Spain ..	—	74	104	101	100	96	105	126	—
Sweden ..	—	—	—	—	—	100	106	106	107
Switzerland ..	83	83	88	98	100	100	106	110	—
Turkey ..	83	—	—	—	100	84	106	117	—
Union of S. Africa ..	—	—	93	99	100	108	122	113	—
United Kingdom ..	—	—	96	97	100	104	107	111	—
United States ..	58	64	96	96	100	100	108	116	111
U. S. S. R. ..	70	—	—	—	100	117	141	158	119
									175

INDEX NUMBER OF PER CAPITA NATIONAL INCOME IN CONSTANT PRICES

(Base: 1948=100)

Country	1938	1939	1946	1947	1948	1949	1950	1951	1952
Austria ..	—	—	—	—	100	120	137	147	147
Bulgaria ..	—	109	—	—	100	101	115	154	—
Burma ..	159	—	—	86	100	89	84	94	99
Canada ..	64	68	100	99	100	101	105	109	112
Colombia ..	—	—	88	97	100	113	114	—	—
Cuba ..	—	84	96	108	100	103	—	—	—
Czechoslovakia ..	72	—	—	—	—	100	106	121	137
Denmark ..	—	—	—	98	100	104	111	110	111
Finland ..	96	93	—	—	100	103	109	118	115
Germany (W) ..	120	—	—	—	—	100	113	124	131
Greece ..	153	—	74	98	100	121	122	136	129
Guatemala ..	—	—	71	78	100	87	84	88	99
Hungary ..	121	—	74	100	—	129	148	175	181
Ireland ..	90	—	—	—	100	105	108	110	107
Japan ..	135	—	78	88	100	110	115	123	135
Mexico ..	—	67	99	98	100	102	109	—	—
Netherlands ..	98	102	82	89	100	106	107	106	108
Norway ..	86	89	87	97	100	105	109	111	—
Peru ..	—	—	106	102	100	112	126	136	—
Poland ..	—	—	64	82	100	115	136	148	166
Puerto Rico ..	—	61	—	98	100	102	—	—	—
S. Rhodesia ..	—	78	82	89	100	103	114	112	—
Spain ..	—	80	105	102	100	97	104	124	—
Sweden ..	—	—	—	—	—	100	105	104	105
Switzerland ..	91	90	90	99	100	99	103	106	—
Turkey ..	98	—	—	—	100	82	101	119	—
U. of S. Africa ..	—	—	96	101	100	106	117	106	—
United Kingdom ..	—	—	98	97	100	103	106	111	110
U.S.A. ..	66	72	100	99	100	99	104	110	111

NOTE: The index numbers in these tables are derived from official or semi-official publications, and wherever possible are shown on the base, 1948=100. Where per capita figures are not shown in these publications, mid-year population figures have been used to compute per capita incomes. The methods used for measuring national income in constant prices differ widely; it is therefore only with some reservations that the series shown in this table may be used for comparison between countries of inter-temporal changes in real income.

Source: U.N. Monthly Bulletin of Statistics, December, 1953.

ECONOMIC DEVELOPMENT OF MAINLAND CHINA, 1949-53

TABLE I

Volume of traffic carried by state owned Rail, Road and Water Transport in 1952

	Million t/km	Percentage increase over 1951	Million Tons	Percentage increase over 1951
Rail Transport ..	59,461	15.4	131.0	18.5
Road Transport ..	255	89.5	4.0	140.4
Water Transport ..	3,961	45.6	5.3	49.6

TABLE II

AGRICULTURAL PRODUCTION, 1949-52

(Pre-1949 peak=100)

	1949	1950	1951	1952
Food Crops (a) ..	78.5	91.8	100.5	109.9
Rice (b) ..	75	97	99	110
Wheat (b) ..	72	80	89	101
Raw Cotton (c) ..	52	83	131	156

(a) The term "food" includes: rice, wheat, barley, oats, kaoliang (sorghum), millet, proso-millet, corn, soyabeans, peas, broad beans, pea nuts, sesamum and potato. For these crops, the Ministry of Agriculture placed the 1949 production at 110 million tons or 78.5 per cent of the pre-1949 peak. Taking 1949 as 100, the indices for subsequent years were 117 for 1950, 128 for 1951 and 140 for 1952. However, in the Minister of Finance's **Report on the 1953 State Budget** released on February 12, 1953, it was stated that food production for 1952 had reached the record high of 164 million tons, as compared with the Ministry of Agriculture's estimate of 154 million tons. (b) 1949 and 1950 estimates as given in an article on "Two years' significant Achievements in Agriculture" by Liang and Chin-chih, in **Popular Agriculture** (in Chinese), Peking, February, 1952 and quoted in **People's Handbook** 1952, Ta Kung Pao, Shanghai, Pp. 332-333. These estimates, like those for 1951 and 1952, are from the Central Committee on Financial and Economic Affairs as noted in **People's China** (Peking), **People's Daily** (Peking) and **Ta Kung Pao** (Shanghai). (c) World Economic Report, 1951-52, p. 52, quoting figures from the Central Committee on Financial and Economic Affairs.

TABLE III

FOOD AND COTTON PRODUCTION 1949-53

	Cotton (a) (000 tons)	Food (b) (million tons)
Pre-1949 peak	825	140 (d)
1949	430	110
1950	685	129
1951	1,080	141
1952	1,290 (c)	154

(a) The pre-1949 peak of 825,000 tons was given in **People's Daily,** Peking, October 7, 1949 from which are derived the figures for 1949-52 according to the rates of increase given in Table 2 for these years.

(b) Calculated on the basis of 1949 figure and indices given in footnote (a) under Table II. (c) The target for cotton yarn production in 1953 is 53 per cent above the pre-1949 peak which occurred in 1931. On the other hand raw cotton availability for 1953, if estimated to include the domestic production of 1,290,000 tons in 1952, would be 84 per cent above the1931 availability of raw cotton (516,000 tons from 1930 production and net imports of 185,000 tons in 1931). Making allowances for inadequate reporting of the 1930 production of raw cotton and for possible increase in 1953 consumption of raw cotton for non-mill consumption purposes such as padding etc., the raw cotton production in 1952 appears to have been more than sufficient for 1953 consumption. The reported imports from Pakistan and other countries are difficult to reconcile with these figures unless part of the 1952 raw cotton production was exported to the U.S.S.R. and Eastern Europe. (d) This peak is close to the sum of 1931-37 average of 126 million tons for the 22 provinces and 1935-38 average of 17 million tons for Manchuria.

TABLE IV

INDUSTRIAL PRODUCTION, 1950-52

(Pre-1949 peak=100)

	1950	1951	1952
Electricity	78	117	143
Coal	59	77	95
Petroleum, Crude	51	82	119
Pig Iron	49	80	102
Steel Ingots and Castings	69	——	——
Structural Steel	67	——	148
Cement	66	115	133
Cotton yarn (a)	100	108	141
Cotton Cloth	109	115	167
Paper	115	150	223
Sugar	48	90	119

(a) The index of cotton yarn production in Main land China is 72.40 for 1949, 100.30 for 1950, 108.33 for 1951 and 140.61 for 1952.

TABLE V

MAINLAND CHINA'S TRADE WITH COUNTRIES OTHER THAN THE U.S.S.R. AND EASTERN EUROPE,1950-52

	Trade with countries other than the U.S.S.R. and Eastern Europe (million dollars)			(3) as per cent of total trade of Mainland China (%)	Estimated total trade of Mainland China (Million dollars)
	Exports (1)	Imports (2)	Total (3)	(4)	(5)
1950 Full Year	476	409	885	74	1,200
1951 Full Year	473	440	913	39	2,300
1951 First Half	250	314	564	..	..
1952 First Half	151	52	203	..	..

Source: World Economic Report, 1951-52.

TABLE VI

MAINLAND CHINA: SELECTED EXPORTS, 1936 AND 1951

(Thousands of metric tons)

Commodity	1936	1951	Commodity	1936	1951
Antimony	7(a)	20	Silk Raw	10	10
Coal	4,862	7,430	Soya-Beans	1,909	2,480
Egg Products	63	70	Tea	34	100
Groundnuts	172	250	Tung Oil	87	100
Salt	997(a)	100			

(a) 1938.

Source: 1936: League of Nations, International Trade Statistics, 1938 (Geneva, 1939), adjusted for inclusion of north-east region, 1951; Ta Kung Pao (Shanghai), April 8, 1952.

TABLE VII

INDICES OF RETAIL PRICES(a) IN FOUR CITIES, 1951 AND 1952

(1950=100)

Period	Shanghai	Tientsin	Peking	Wuhan	Average(b)
1951 First half	99	108	106	103	102
Second half	104	115	112	103	107
1952 First half	105	118	112	101	108
Second half(c)	104	111	113	98	107

Source: People's Daily, Ta Kung Pao.

(a) Retail prices indices refer here to price indices based upon "parity savings units" or "parity wage units." The latter cover commodities which vary in the different cities to reflect local consumption habits; for instance, in Shanghai: rice, coal briquettes, vegetable oil and cotton fabrics; in Peking: millet, wheat flour and cotton fabrics: Data for 1952, are not available for the north-eastern, western and southern provinces.

(b) Weighted average; weights as follows: Shanghai 45; Tientsin 15; Peking 15 and Wuhan 10.

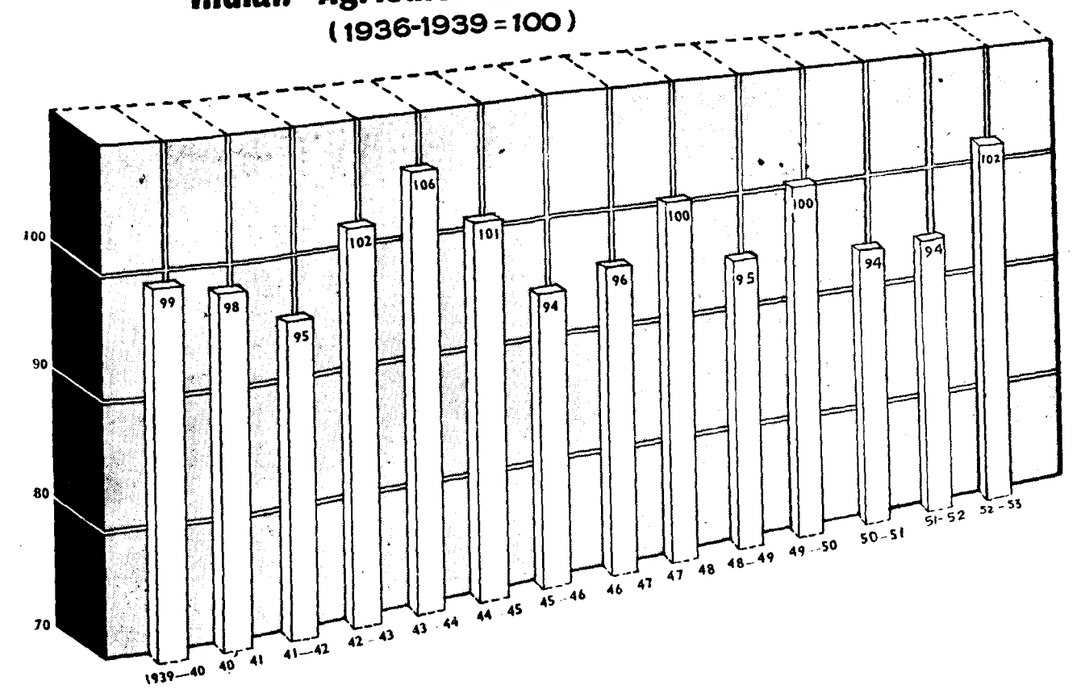
(c) Preliminary.

THE "EASTERN ECONOMIST" INDEX OF INDIAN AGRICULTURAL PRODUCTION

Average for 1936-37 to 1938-39=100

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48*	1948-49*	1949-50*	1950-51	1951-52*	1952-53p
Foodgrains	99	95	93	103	107	104	95	96	102	96	99	90	89	100
Rice	98	88	92	99	109	102	96	104	102	98	101	89	90	102
Wheat	104	98	91	99	90	97	84	67	77	77	86	90	79	85
Millets	99	108	99	112	111	114	99	99	108	89	98	80	91	107
Gram	94	96	86	111	122	103	100	115	143	145	117	121	101	103
Fibres	90	111	105	78	87	55	56	53	58	53	80	88	102	97
Cotton	89	107	109	76	89	54	52	51	54	46	68	76	81	76
Jute	99	132	82	87	77	62	78	66	83	99	149	159	225	226
Oilseeds	106	111	94	98	104	107	97	100	104	95	110	109	103	102
Sesamum	96	100	95	106	102	88	88	81	90	75	97	95	99	102
Groundnut	101	118	82	91	125	122	110	114	108	98	114	112	103	98
Rape & Mustard	106	114	113	102	93	111	96	107	109	98	117	122	120	120
Linseed	117	99	81	97	86	89	83	77	101	103	100	94	75	73
Miscellaneous	102	107	112	117	116	112	124	112	121	121	125	128	127	123
Sugarcane	90	113	83	100	114	106	102	110	131	109	111	126	136	118
Tobacco	100	104	103	86	75	93	97	79	69	75	78	77	57	62
Tea	105	109	119	133	135	121	136	147	152	156	158	158	164	162
Coffee	97	89	112	102	108	108	159	96	99	139	128	116	130	144
GENERAL INDEX	99	98	95	102	106	101	94	96	100	95	100	94	94	102

* Revised p—Provisional



Regd. No. D-314.



In 1896, just a year after Roentgen discovered X-ray radiation, General Electric introduced to the public the X-ray tube with automatic vacuum attachments. In 1913, when G. E. Research Scientist, Dr. W. D. Coolidge, devised the hot cathode tube, X-ray technique metamorphosed from an uncertain art into an exact science. Since then hundreds of developments have enabled General Electric to produce today various types of X-ray equipment for radiography, therapy and physical research.

A midget 60-KV Coolidge tube for dental radiography ... a 70-mev synchrotron for cancer therapy ... a 100-mev betatron or a 300-mev synchrotron for physical research ... following these typical products of General Electric research the latest is the Imperial Table rightly described as the radiologist's dream.

Over 3,000 G. E. X-ray equipments are functioning throughout India today, offering the results of G. E. research to the relief of the sick and infirm.

You Can Put Your Confidence In

GENERAL ELECTRIC

U.S.A.

INTERNATIONAL GENERAL ELECTRIC COMPANY (INDIA) LIMITED

BOMBAY CALCUTTA BANGALORE NEW DELHI LUCKNOW AHMEDABAD MADRAS

A-54-1

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi.

Editor:—E. P. W. da Costa, M.A. (Oxon.)

SECRETARIAT LIBRARY ... 1954 ... GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 5. NEW DELHI: JANUARY 29, 1954. ONE RUPEE

CONTENTS

	Page
LEADING ARTICLES:	
FIFTH REPUBLIC DAY	153
THE CONGRESS SESSION AT KALYANI	155
LOW-COST HOUSING	156
THE WEEK'S NOTES	157
Egypt and the West; Spanish Adventure on Two Fronts; Mr. Lyttelton at Lagos; Revision of U.S. Farm Policy; British Advance in Atomic Energy.	
WORLDGRAM AND NEWS IN BRIEF	159
A WINDOW ON THE WORLD	
Odysseus on "Townsmen Among the Villagers"	163
BOOK REVIEWS	165
A DELHI DIARY	167
SPECIAL ARTICLES:	
CONSUMER EXPENDITURE IN THE UNITED STATES	168
THE INDIAN STANDARDS INSTITUTION—1947-1954	169
THE BUSINESS WORLD:	
The Randall Report	171
The Importance of Production Research in Tea	171
Voice of Free Enterprise	173
An Industrial Award	173
BUSINESS NOTES	177
Sugar Prices; Compensation Bonds in U.P.; Targets for Coal; Fall in Volume of Indo-Australian Trade; The Bombay Textile Award; Plantations Labour Act; An Unemployment Probe; Aid to Bone-Meal Manufacture; Oil Discovery in Western Australia; Distribution of Fertilisers; Committee on Ordnance Factories.	
COMPANY AFFAIRS	181
COMMODITY NEWS AND NOTES	183
CURRENT STATISTICS	185

Fifth Republic Day

THE fifth Republic Day of the Indian Union has come and gone. There was no sign in the celebrations of this day all over the country that there was any serious break in confidence, or that there was any great need to question the broad outlines of present leadership in foreign or domestic policy. Perhaps that is as it should be. A day of rejoicing of this kind is not an occasion for a searching examination of conscience. There are three hundred and sixty four other days much more suitable for the purpose. But, now that India's fifth Republic Day has sped past, it would not be inappropriate to give expression to some more critical thoughts. The essence of India's constitution which came to us on our first Republic Day was that it was a constitution for the people. This means, if it means anything, that the issues raised by government policy should constantly be called in question by the people. Any display of confidence which implies that the people of India have given a blank cheque to the Executive is a negation of this constitution. It would be a bad day for the Indian Republic if the critical appreciation of the work of our leaders were suspended in an orgy of hero-worship or self-complacency.

Unhappily there is noticeable after four years of the working of the new constitution, and six and a half years of Independence, a notable lack of constructive criticism of the acts of the Executive. This is partly because the issues of policy, foreign or domestic, are so involved that the capacity to criticise constructively is in practice in India limited to some few thousands of people. To the millions of India, this failure to apply democratic criticism to the tasks of government is no censure. The power to vote does not carry with it the capacity to criticise, even destructively. In that respect, the masses of India must inevitably be mere onlookers so far as the making of policy is concerned. This is, for the present at least, again as it should be. Nobody has any right to demand that the masses should

formulate their own policies. They must find their spokesmen, and not only on the government side. It is in the striking failure to present an opposition of representatives, who can help constructively to change policy where it is mistaken, that Indian democracy has got off to a bad start. Those who have the capacity to criticise constructively are too often unwilling or afraid to speak out.

A superficial observer might deduce from the absence of opposition thus freely expressed either that there were physical restraints on freedom of expression or that there were in fact no serious disagreements with the policy of the Central Government. In both deductions he would be wrong. There are no significant restraints in India on the freedom of speech or written expression. The freedom of the Press is, by and large, a real and triumphantly living thing. Therefore, it is not a fact that people are prevented either by the law, or by the method of implementation of the law, from giving vent to powerful criticism of the government. Again, it is not a fact there is nothing serious to criticise. There is a deep undercurrent of discontent with things as they are. Part of this, it is true, is not connected with acts of government. But much the greater part of it is. There is no supreme veneration for the administrative capacity of the Central or State Governments amongst the people of India.

The situation is certainly anomalous. There is much that needs to be put right; there is to be found in private conversations much dissatisfaction with both foreign and domestic policy. There is in these conversations often knowledge and capacity which might well impinge on the making of government policy. But so little is expressed publicly, and so little is invited to mix with the making of policy, that the democratic process by which policy is made with a powerful ingredient from outside the government has failed obstinately to go to work. It is necessary, even before assessing the major weaknesses in present policy, that an answer should be attempted to the question why constructive thinking in opposition to the government is so weak and disorganised.

Unquestionably, the largest single cause has been the identification of policy, particularly foreign policy, with the mind of the Prime Minister. Because of the special place that Jawaharlal Nehru occupies in the affections of the people, even the few thousand non-officials who are able to supply criticism refrain from doing so; again, the executive instruments of the administration have tended more and more to accept without questioning the views that come down even on mere minutes from the Prime Minister. So far as foreign policy is concerned, the opportunities for critical judgment to affect policy have tended to be negligible. In the field of economic policy, the compulsion of events—such, for example, as the demand for employment in the latter half of 1953—has been effective in changing a government course. This shows a salutary response to pressure but, by and large, the processes of change in economic policy do not reflect the processes of argument and discussion which are essentials of democratic government.

The surprising thing in the overall result is that the unfavourable effects of this dependence on the mind of one man have not been larger. This in itself is a tribute to the Prime Minister, whose central aims in domestic policy have been imaginatively conceived. Equal tribute cannot be paid, so far as results are concerned, to foreign policy. On this Republic Day, it must be admitted that, while within the country the Prime Minister still enjoys the overwhelming support of the Indian people, our prestige abroad is lower than it has ever been since Independence, and there is cause enough for concern within. The probable conclusion of a military alliance between Pakistan and the United States implies that Indo-Pakistan and Indo-American relations are now poorer than they have ever been. And there is obviously growing indifference to Indian opinion in the counsels of the Commonwealth. There have been no corresponding gains elsewhere. The first impression of the working of our foreign policy in the last twelve months is certainly one which indicates a widespread loss of influence.

The major setback in India's foreign policy has arisen from a failure to establish Indo-Pakistan relations on a basis which would have prevented Indo-Pakistan affairs from becoming opportunities for the exercise of power-politics, both in and out of the Cold War. A settlement on Kashmir was the condition, and the necessary price, for this exclusion of foreign interference in the affairs of the sub-continent. At present, Indo-Pakistan differences stem from Kashmir; and Pakistan, in a mood of frustrated anger, has been able to exploit India's neutralism to acquire the military support of the United States. The Prime Minister contended at Kalyani that other countries have no business to interfere in the affairs of the sub-continent. In the practical world, however, there is only one way of preventing such interference. This is by assuring Pakistan by deeds that India, and not any other country, is her most trustworthy friend.

As it is, the resentment which has been raised against the United States-Pakistan military alliance in India has only made Pakistan more determined to proceed with it, and the Pakistan Prime Minister has been allowed to secure an excellent debating point that, if India objected to any dictation in Pakistan's affairs, she should not seek to impose her own advice. It is true this is only a debating point, because it is unlikely that a deterioration of Indo-Pakistan relations is in Pakistan's interest any more than it is in our own. But in the diplomatic manoeuvring which has resulted from our policy towards Pakistan and the United States, Pakistan has certainly won the first round.

To argue at this stage that the people of India should exercise no concern when there is universal alarm that military help to Pakistan may be significant is merely to add a domestic error to the error in foreign policy. Solidarity is at all times essential, but to talk about national solidarity as the only answer to the new threat to our security is surely a very misstaken approach to India's present defence problems. The country rightly demands that due action to mobilise our defence resources against every contingency should be taken. We cannot evade the hard logic of this demand. Either the military alliance of Pakistan with the United States has a significant bearing on our security or it has not. If it has a significant bearing on our security, corrective defensive action must be taken. If it has not, why has so much time and frenzied thought been devoted to stirring up public awareness of the danger of this alliance?

This is certainly a time for national solidarity. While Indian foreign policy is subjected to criticism, there should be no questioning of the personal position of the Prime Minister. Again, while economic policy should be constantly reassessed, particularly in terms of employment, there should be no questioning of the capacity of the three important figures—Sir Chintaman Deshmukh, Mr. T. T. Krishnamachari and Mr. R. A. Kidwai—round whom economic policy revolves. Errors have been made, but, in economic policy at least, they have been far outweighed by successes, particularly in respect of food and cloth. There should on this fifth Republic Day be no counsels of confusion. Here and there a change of policy is urgently needed; this does not imply any change of government. This fifth year of the Indian Republic is a time of testing; and it is not the Republic only that is being tested. Each of us has his place in this ordeal. India today expects every man to do his duty.

The Congress Session at Kalyani

ALL the usual features associated with the plenary sessions of the Indian National Congress were seen in the proceedings of the 59th Session held at Kalyani last week. The meetings of the Working Committee, the Subjects Committee and the open session revealed no significant change in the character of the Congress organisation. There has appeared to be near-unanimity on most issues of policy, judged by the response to the ten resolutions placed before the session. All these may pass for the coherence and vitality that is expected in the Congress because of its tradition and leading role in Indian politics. Actually, however, the repetition of these old formalities in the new milieu has appeared to be inappropriate. Those assembled at Kalyani and the wider audience in the country, already familiar with the details of the subjects discussed, have sought something more than an exposition of the issues discussed in Parliament and elsewhere. The Congress organisation has itself changed with the thinning out of its ranks by the secession of the Socialists and the Praja Party. The Congress, as the party in charge of the Government, has other forums to expound on and seek support for its general policies and actions. There has been no evidence that the working of the Indian National Congress has been adapted to these changed conditions.

No great importance can be attached to the various incidents relating to the Kalyani Congress. The vast crowds that thronged the precincts of Congressnagar were not unusual. There was, perhaps, some significance in that it should have been possible to create such enthusiasm in West Bengal where the prestige of the Congress is regarded as having declined steeply. The Kalyani session probably sought to repair the omission to pay sufficient attention to an area which has felt, justifiably or otherwise, greatly neglected. There was opportunity at Kalyani for the Congress to pay its homage to the great son of Bengal, Netaji Subhas Chandra Bose. But this is almost exhaustive of the special virtues of the Kalyani session. The searchlight was not turned on the other deeper issues involving the future of the Congress Party in relation to the problems coming up for attention and in regard to its function vis-a-vis other political organisations whose role will have a vital bearing on the manner in which the country will demand attention to its affairs in the future.

What the Congress has needed all along was a searching examination of the methods by which it will organise itself as a political party to implement the ideals which are enshrined in the country's Constitution and meet the challenge from rival groups and ideologies. The structural weaknesses of the Congress seem invisible on the surface only so long as the discussions relate to matters of foreign policy or such broad issues as the Plan and the reorganisation of the States. But again and again there have been dissensions and local intrigues in the Congress ranks in the States which have contributed to damage its prestige and enabled its opponents successfully to question the capacity of the Congress Party to play its role for the building up of India. A detailed examination of the party's problems at all levels could have suggested the lines on which solutions could be found otherwise than by temporarily patching up troubles whenever they arise.

Both as Prime Minister and as Congress President, Mr. Nehru has been well aware of these structural defects which greatly hamper the work of consolidation and development. There were references in his speeches to the lack of cohesion but he traced the causes to the habit of living in geographical and caste divisions. That, as all can see, was too superficial. The history of the Congress under its great leaders was an illustration of how these divisions were continuously submerged in the past in larger conceptions of unity and homogeneity. Something more plausible must be discovered to explain why that tradition has been interrupted in spite of the achievement of freedom and of the political integration that followed it.

The explanation may more correctly be traced to the quality of the leadership that the Congress Party has thrown up after Independence. At the Centre the strength of that leadership is centralised in the person of the Prime Minister, and it has been effective enough not only to ensure the selection of ministers from the regular party members but also to seek talent from outside and provide a composite and competent team. Most State Governments are, however, without this advantage and it would be extremely unwise to ignore it on the ground that the States' problems are so low in order of importance that it should not seriously matter. The problem of the future is essentially one of building up the prestige and capacity of the Governments at all levels for the internal task of nation building. Added to the want of new talent in the tasks of reform and administration has been the singularly fanatical or intolerant attitudes of State Ministers which appear to spring more from personal weaknesses than from the exigencies of the policies they have to execute. If the general Congress organisation had concerned itself more closely with the internal problems of the various States and their policies it would not have failed to draw useful morals for the future.

A great deal may depend on the possibilities of drawing in fresh talent. The Congress Governments can rise in public prestige, in the same way in which the Central Cabinet is unquestionably credited with competence, at least in economic affairs. The services can feel more assured in executing their daily tasks. The local party organisations may also be in a position gradually to release front rank leaders and the abler second rank politicians for higher tasks. As things exist, most of the leaders are permanently harnessed to their respective States on the ground that they are indispensable for the cohesion and solidarity of the party. Even at the Centre, the Defence Ministry has been lacking in exclusive attention from a sufficiently senior and experienced Minister. The Congress Party itself has suffered visibly by the want of a wholetime President at its head who could deal in greater detail with various organisational matters and rehabilitate its stature through both official and extra-official channels of activity.

In essence, therefore, the Congress has been facing a problem of leadership at the secondary and tertiary levels for which no solution seems yet in sight. This question is being generally posed as one of finding a successor to Mr. Nehru. But it is not merely one of succession, which will inevitably depend on the men available and circumstances at the time the question arises. It is ultimately a question of whether the Congress can build up a corps of leaders at all stages of the hierarchy from which the party can make its choice from time to time. The lack of cohesion has been manifested more because of the survival within its ranks of the less fit, than to any new trend of separatism; the latter has been the effect not the cause. The supreme task that faced the Congress at Kalyani, as it has faced it at all the earlier sessions in the last few years, was to probe further into this malady. That unfortunately has not been attempted; the verdict on the session will only be that it was one of the many opportunities that have been missed, the consequences of which will be felt in the future.

Low-Cost Housing

THE building industry in India has experienced a steady and lasting boom in recent years. In almost every urban area, there is now visible evidence of this fact, and the estimate of the value of new building, which an official committee placed at about Rs. 175 crores some time ago, is already, perhaps, out of date, for it is now relatively much easier to acquire materials, and the tempo of official and industrial construction has, if anything, increased since then. The housing situation has now become very much less acute in almost every city in recent months. Nevertheless, as those responsible for organising the low-cost housing exhibition have made it clear, housing policy in India still leaves much to be desired; and there are serious gaps, to which quite inadequate attention has been paid so far.

This is hardly the fault of the ministries concerned. On the other hand, the Works, Housing and Supply and the Rehabilitation Ministries, and the Ministry of Railways between them have been directly responsible for keeping much of the building boom alive. Every type of construction—Army-type huts, asbestos-cement structures, buildings using reinforced concrete now so widely in vogue, buildings in Chandigarh providing the best living two bed-room quarters for peons in India—has been promoted by the Government of India. The rehabilitation programme has also recently been extended, and about 29,000 industrial low-cost houses have already been sanctioned to date. The more recent Madras Slum Improvement (Acquisition of Land) Bill provides fresh evidence, if this is at all necessary, of the governments' anxiety to provide more adequate housing.

The lack of a housing policy, therefore, cannot well be blamed on the present governments. It is a 'damnosa hereditas' from previous regimes, and is explained by the fact that in view of the complexity and multitude of war and post-war difficulties, housing necessarily enjoyed low priority. A recent recommendation of the Industrial Finance Corporation Enquiry Committee which sought to discourage the Corporation from lending for "unproductive" purposes, like housing, illustrates, perhaps, how low this priority can occasionally be. This tradition is now being changed. But it can be changed only with difficulty.

Other difficulties in India must also be taken into account. The building society, which plays such a large part in mortgage finance in England, has yet to be organised on any scale in this country. Finance has, therefore, been difficult, in spite of the fact that individual banks of standing have been interested in housing, and, what is more significant, co-operative housing societies have been formed with loan assistance from governments. The recent growth of building activity, explained by ad hoc schemes such as subsidised industrial housing, the housing programme of the Coal Mines Labour Welfare Fund, and the building of townships by both government industrial undertakings and the rehabilitation ministries, has prevented more attention being paid to this question of finance for private building than the subject deserves. The latter-day increase in building on vacant plots (which has been aided by threats of resumption of the unused sites and by the general trend of the Government of India's policy) may also be responsible in part for this difficulty being ignored.

If finance has continued to be a bottleneck, the building trade itself has not yet been organised. One illustration of the prevailing state of affairs is the fact that the Central Government's training classes in building have admittedly not been too popular. Building contractors have recently been very active, no doubt. But there is still obviously room for the amalgamation of firms and for reductions in the rate of profit. Standardisation, in so far as that is compatible with the diversification which is necessary in such a vast country as India, is also still to be examined; and there is need for promoting elsewhere in the country co-operative schemes as in Madras, or private housing colonies such as those which have been organised by private enterprise in Delhi. How soon private builders can grasp and retain the initiative in promoting the construction of houses is not by any means clear.

The ultimate aim is not to recommend particular designs or building materials. In this sense, therefore, the housing exhibition is educative rather than utilitarian. The ultimate aim is to bring down housing costs in general, and this cannot merely be a matter of technology. Fortunately, for the future of housing in this country, the Government of India seems to be fully alive to this wider implication of the present attempts to educate the public regarding the importance of cheap and efficient housing.

Government research stations at Roorkee, Dehra Dun, and Karnal are already engaged in research and the spread of useful knowledge. A simple formula for water-proofing of mud-walls in rural houses, through the mixture of bitumen, illustrates the possibilities of research, but official policy is rapidly becoming more and more positive. Slum clearance is claiming attention; and though the progress here cannot be rapid, the Madras Bill at least indicates that the difficulties might have been exaggerated.

It has been suggested in addition that about twenty planned industrial townships all over the country should be built up, in order to reduce the chances of congested ribbon development in the future. The mere holding of land, in the hope of realising unearned increments, is to be penalised more and more. Contractors, it has been suggested, should be encouraged to amalgamate, so that they may undertake large-scale operations and cheapen their services. Building bye-laws in the municipal areas are out of date. They will everywhere need to be revised, so that they may be brought up-to-date and in conformity with the reduced standards of the present day.

Building materials can be made much cheaper than they are today. Mechanised large-scale units can reduce the costs of brick-making; and the grant of facilities, like the movement of coal, for brick-burning, and standardisation and reduction of costs in respect of timber supplied by the forest departments, together with the review of freight rates on building materials and increased transport in general, will also go a long way towards reducing the ultimate cost of materials. It may be too much to hope that all these suggestions will be accepted and implemented at once. Official policy recognises, however, the special case of building to some extent. Initial depreciation allowances have now been in force for about eight years—in order that an incentive may be provided for the building industry. All of the suggestions may, therefore, be destined to become more and more popular and important.

It is only when housing costs have been further reduced as a result of a rationalised policy on these lines, while personal incomes and standards of living have been improved at the same time, that the building industry can really come into its own. The responsibility for housing has been acquired by the Government of India only recently. Towards understanding what exactly this responsibility means, the exhibition, the seminar, and the conference of the International Federation for Housing and Town-planning can make an important contribution.

THE WEEK'S NOTES

EGYPT AND THE WEST

While Anglo-Egyptian tension has increased because of the murder of three British soldiers in two days, General Neguib has flatly stated that he has definitely made his last concession and that the British authorities must either accept it or leave it. He is also reported to have revealed for the first time his desire to enter into a military alliance with Britain and America but only on equal terms. These statements are obviously designed to conciliate the U.S.A. as against Britain, since with such avowed Egyptian intentions of a pro-Western policy, Britain cannot justify to her allies her insistence in the matter of uniforms of the British technicians who stay in the Canal Zone. General Neguib has been quite categorical in declaring that "if they wear uniforms, they still represent an army of occupation." In any discussions of the Anglo-Egyptian tension, therefore, this point about uniforms is likely to appear too trivial upon which to risk disagreement, when the larger issue has ceased to be a matter for speculation.

General Neguib's declarations in favour of Britain and the U.S.A. have been more forthright than usual, apparently because there is a tendency in British political circles to believe that the rest of the Arab League is more friendly to the West than Egypt but is compelled to support Egyptian xenophobia so long as a legitimate grievance over the Suez exists and Israel continues to create problems in the Jordan. General Neguib has declared his readiness to recognise a threat to Turkey or Iran as a threat to Egypt sufficient to justify British and American troops re-entering the Suez. But he has resisted any attempt to get a blank cheque for permanent British occupation on any of these grounds. Thus the Suez problem has been defined in a manner which thrusts responsibility for continuing tension on British prevarication. The mounting British anger at the increasing number of incidents cannot, in this situation, provoke stern retaliatory measures of the kind demanded by the Tory rebel group. It can only force the Government to yield to an early solution which protects British troops and satisfies Britain's allies. Mr. Aneurin Bevan has added his testimony to the fact that getting rid of the British is the one slogan which unites all sections of Egyptian opinion.

SPANISH ADVENTURE ON TWO FRONTS

Spain has chosen to create trouble for herself and others on two fronts almost at the same time. There has been a recurrence of the attack against the British occupation of Gibralter, which died down after two emphatic declarations of General Franco over two years ago. Simultaneously, tension has now developed in Morocco between France and Spain over the recognition of the French-sponsored Sultan by the Moors of Spanish Morocco. The latter looks more explosive than the former, though in both cases the strengthening of relations between Spain and the United States through military aid must be reviewed as an opportunity for exerting American good offices to counsel moderation. These recent developments in Spain have been viewed as an attempt of Franco's military dictatorship to make Spain appear as adventurous as possible, within the scope available to her. Calling it "adventure without tears", the "Daily Telegraph" has characterised the agitation for Gibralter as "a synthetic substitute for aggression" to provide occupation to hotheads who might otherwise be discontented. The paper adds: "Franco's real intentions may be gauged from the fact that he did not attack Gibralter during the war when he had powerful allies and we were 'in extremis'. He is about as likely to act now as to attack Portugal or attempt a reconquest of Spanish America."

In Spanish Morocco, however, the position is different because the local population, once stirred into a state of resentment, may not be capable of restraint. Spanish officers have been accused by the French Government of having fomented the demonstrations in Tetuan, though the French are apt to overlook the long-term reactions of their own action in deposing the Sultan, Ben Youssef, last August. Even if France had informed Spain of her actions, there will be substance in the Spanish charge that they were unilateral so long as those actions did not have the prior concurrence of, or the subsequent recognition by, Spain. Spain has always been on good terms with the Arab countries and has now stated that she would offer self-government to Spanish Morocco. The Arab League, now meeting in Cairo, has, therefore, supported Spain against France in the dispute over the succession to the Sultanate. Any Spanish gesture of self-government in Morocco would also stand in sharp contrast to the French policy of repression and high-handed deposition of the Sultan. The Moors have already demanded that the Caliph of Tetuan be given full sovereignty, independently of the new Sultan.

MR. LYTTELTON AT LAGOS

When a Conference was held in London last August to discuss the future constitution for Nigeria, many of the controversial details of the scheme were left untouched. There was, therefore, an impression of unanimity, because there was almost complete agreement on the desirability of a federal constitution for Nigeria. Considering the general aversion to a federal solution in the rest of Africa, this in itself seemed substantial progress in constitutional reform. Other questions which could have affected this achievement were left over for future discussion. The Conference was resumed at Lagos on January 18, marking the second stage, and Mr. Lyttelton has been taking part in these discussions. The allocation of Nigeria's revenue under a federal system and the future of the Cameroons are regarded as the two major problems facing the Conference. The test of the exercise of any federal type of authority will lie in the ability to collect taxes centrally. The Fiscal Commissioner's report on the financial provisions suggests federal collection of revenue (except personal taxes) and allocation to the regions. A total Federal revenue of £25 million is envisaged—£9 million in the North, £5.5 million in the East and £10.5 million in the West. The Eastern region is expected to show a deficit, which is to be met by grants in the first two years during which a balance will be attempted. The regionalisation of Nigeria's Marketing Boards—with their control over 90 per cent of exports and their reserves of £75 million—is a second financial problem which will be equally complex.

As regards the Southern Cameroons, Mr. Lyttelton had earlier conceded the claim for separate regional status if the elections disclosed popular support for the claim and if the region could be regarded as financially viable. While the people have been overwhelmingly in favour of separate status, the Fiscal Commissioner has reported that the Southern Cameroons would not survive on its present revenue. Nigeria is not willing to subsidise a separate Cameroons and hence a very difficult situation has presented itself. It may, however,

prove less intractable than the agitation over Lagos. The Action Group has repudiated the British award, given by common consent, that Lagos should become federal territory. This is an issue which may split the Conference evenly. There is also the possibility of the revival of the long-standing fears of the North against the political alliances between the Eastern and Western regions. But in any case, no federation can be imposed on Nigeria without reconciling these differences and providing safeguards against the various fears.

REVISION OF U.S. FARM POLICY

President Eisenhower's new farm policy has to be set against the background of Republican politics before the Presidential elections of 1952. The farm price-supports of the Democratic Administration were generally criticised by many Republicans as the relics of the New Deal era, but there was also a restraining influence among the Republicans who recognised the importance of the farm vote. The political importance of the farm bloc has been responsible for opinion outside the U.S.A. discounting the possibilities of farm price-supports ever being changed substantially to reduce world food prices. It was due to this feeling that the International Wheat Agreement was also renewed last year with a higher maximum price for wheat, even though there were indications of increasing wheat and corn surpluses. The position has now changed substantially with the accumulation of stocks of farm products with the U.S. Commodity Credit Corporation, very nearly up to the maximum borrowing authority of the Corporation of $6,750 million. The prospective stocks of wheat are 840 million bushels and of cotton 9.6 million bales. Though there will be a reduction in the current year of nearly 25 million acres in the area sown to wheat, corn and cotton, there is no danger of a substantial reduction of supplies, because of the possibilities of securing higher yields on the smaller area and the likelihood of diversion of the acreage to other crops like soyabeans, sugar and vegetables which also enjoy price-supports.

President Eisenhower's Administration has been thus compelled to face the problem of making price-supports more rational to suit the changing market conditions. The transition, however, is to be made gradual in order to avoid the effects of abrupt change in farm incomes. Modernized parity is to become effective for all commodities on January 1, 1956, and the changeover will be achieved in steps of five percentage points. Price support is thus accepted as a long-term programme and lest there should be any doubt about Republican policy, the President's message has endorsed the Agriculture Acts of the Democratic Administration (of 1948 and 1949) as "soundly conceived" and having received bipartisanship support. The Commodity Credit Corporation's borrowing authority will be actually increased to $8,500 million, which means that its stocks will immediately be allowed to increase.

There are two chief features of the new farm policy which the world outside will note with approval. The first is the declaration that however large the surpluses may be, food once produced must not be destroyed. Secondly, the excessive stocks will be removed from commercial channels for constructive purposes; Congress has now been asked to order the freezing of stocks of $2,500 million. (It is proposed to substitute food and fibre surpluses in foreign economic assistance and disaster relief to foreign countries). The Randall Commission has, in its report published this week, concurred in the view that farm price-supports should be discouraged and has also added that the International Wheat Agreement should be ended. Thus a policy which was hitherto regarded as politically impracticable has been attempted. The clue to its present feasibility perhaps lies in the new concessions promised to the 3.5 million small farmers, who hitherto derived very little benefit from price-supports because they accounted only for 15 per cent of the total agricultural output. Their number is larger and will be sufficient counter-weight against unpopularity among the bigger farmers.

BRITISH ADVANCE IN ATOMIC ENERGY

Great importance is attached to a report, recently published, on "Britain's Atomic Factories" which contains an account of the progress in British production of atomic energy. The secrecy about atomic plants will naturally restrict the amount of information that can be published about post-war progress in atomic factories which are owned and managed by the State. The report suggests that a reactor system, producing by atomic energy enough electricity to save annually 20 million tons of coal might be built in 20 years. But the progress in the techniques of harnessing atomic energy may well be faster than this in the next two decades. In Britain, where coal resources have been depleted at a rapid rate, the incentive to seek alternative sources of energy and power may be stronger to encourage a faster rate of increase in the production of atomic energy. The desire to economise manpower is not less urgent and the feeling is that Britain is on the eve of another revolutionary change which may have as much significance as the Industrial Revolution.

A Bill on atomic energy sponsored by the Government is expected to take precedence in the legislative programme before the next session of Parliament. It is expected to take priority even over the measure to legalise commercial television which has been hotly discussed in Britain in the last few months. Under the Atomic Energy Bill, the Ministry of Supply is to hand over responsibility for the governmental supervision of research and development of atomic energy to the Lord President of the Council, while a new semi-independent Corporation takes over the day-to-day responsibility. Sir Edwin Plowden is expected to become the Chairman of the Corporation when set up; he has already established the nucleus of a department within the Lord President's office, to work on the nature of the Government's relations with the new Corporation. A beginning will thus be made in "a new industry, which, as it grows, will increasingly revolutionise the conditions of human life".

THE EASTERN ECONOMIST

(Subscription Rates)

	Payable in advance India	Foreign
	Rs.	Rs.
Annual	50	66
Half-yearly	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9|- per year.

Foreign air rates on application. Offices in New York, London, and Tokyo.

Manager,
THE EASTERN ECONOMIST LTD.,
52, Queensway,
NEW DELHI.

WORLDGRAM

IN ADE

Soviet Trade Bid with U.S.A.: The U.S. Commerce Department recently received two applications for licences to export large quantities of surplus butter and cottonseed oil to the Soviet Union. It is reported that 150 million pounds of butter and 150 million pounds of cottonseed oil at an estimated value of $100 to $150 million are involved.

FINANCE

Record Deficit Trade Balance for Japan in 1953: Japan's excess of imports over exports witnessed a post-war record in 1953 with the figure reaching $1,135,892,000, it was announced by the Finance Minister of Japan recently. Exports for the year amounted to $1,273,611,000 as against imports of $2,409,503,000. Thus, the excess of imports over exports almost equalled the total export amount for the year. As compared with the previous year (1952) exports increased by 0.1 per cent and imports by 18.8 per cent. In volume, exports increased by 5 per cent and imports by 30 per cent due to a decline in prices.

* * * * * * *

U.N. Eleventh International Bank Mission: A Mission from the International Bank for Rsconstruction and Development left Washington on January 16 for the Federation of Malaya and the Crown Colony of Singapore where they will make a general survey of economic conditions. The surveys are being made at the request of the Government of the Federation, Singapore and the U.K. This is the eleventh general economic survey mission to be organised by the Bank, others having been completed in British Guiana, Ceylon, Colombia, Cuba, Guatemala, Iraq, Jamaica, Nigeria, Surinam and Turkey.

* * * * * * *

Union Government Sanctions Rs. 25 Lakhs for Taccavi Loans for Rajasthan Government: The Rajasthan Government have secured a sum of Rs. 25 lakhs from the Government of India for the grant of taccavi loans to the cultivators for construction of new wells and repairs to old ones. The District Collectors have, under this scheme, been empowered to sanction loans up to Rs. 1,000 in each case. The cultivators are advised to avail of the loan facilities from the Collector concerned as the sum is only available up to March, 1954.

* * * * * * *

Western Economic Aid to Yugoslavia: Tripartite (Anglo-French-American) economic aid to Yugoslavia for the period July 1, 1953 to June 30, 1954 was announced recently. The British share amounts to £3,000,000. The money is being spent mainly on materials for agricultural improvement. In 1951 following Yugoslavia's withdrawal from the Cominform the U.K., French and U.S. Governments started granting Yugoslavia free direct aid for the purchase of goods essential for economic development. British credits to Yugoslavia in the year 1951 to 1952 totalled just under £10,000,000 and in the following year £4,500,000. The tripartite aid is designed to put Yugoslavia economically on her feet, and not as a permanent arrangement. It is hoped that the present allocation of direct aid would be the last of the series.

POPULATION

Fast-Growing Population in Japan: Japan's fast-growing population exceeded 87 million as on October 1, 1953, according to a survey conducted by the Statistics Bureau of the Prime Minister's Office. The survey gave the exact figure on that date as 87,030,000 indicating an increase of 3,830,000 over the population recorded by the national census of 1950. During the last year alone the increase was about 1,180,000. The survey also showed that since the 1950 census, the density of population had risen from 223 persons per square kilometre to 236. The ratio of population increase, however, which was 5 to 3 per cent immediately after the war in decreasing by 1,000,000, has now come to normal at 1.4 per cent as the total annual increase. The survey also showed that during the period from October 30, 1950 to September 1953, a total of 200,000 persons migrated to Japan from abroad (mostly former prisoners of war) while 150,000 left Japan for other lands.

INDUSTRY

Two U.S. Motor Companies Combine: The directors of Nash-Kelvinator Corporation and the Hudson Motor Car Company recently approved the consolidation of the two companies into the American Motor Corporation, to form the fourth largest company in the automobile industry. Combined assets of the two companies total $355 million. As on September 30, 1953, they had a working capital in excess of $100 million, and combined sales for the year ended September 30, 1953 were in excess of $680 million. Total production in the same period was 244,507 cars. The new Corporation will have an authorised capitalization of 10 million shares of $5 par value stock. The two companies employ a total of 40,000 persons.

* * * * * * *

West German Steel Outlook Disturbed: According to West German statistics, Polish steel production exceeded 4 million tons and Czechoslovak production 4.2 million tons in 1953. The combined production of 8.2 million tons in 1953 is being regarded as highly disturbing due to unfavourable trends in world markets. Already Czechoslovak steel pipes and plates are offering competition to German products. The expansion of the State-owned Polish and Czeck plant capacities are alarming West German steel leaders due to their competitive possibilities.

* * * * * * *

Britain's Steel Record in 1953: The British Iron and Steel Federation announced that in 1953, output of steel at 17,609,000 long tons was 1.5 million tons higher than in 1952. Output of pig-iron was 11,175,000 tons compared to 10,728,000 tons in 1952. Steel-making capacity will be increased and new plants added during 1954.

* * * * * * *

U.S. Mineral Production in 1953: According to the U.S. Bureau of Mines, mineral production in 1953 was valued at $14,346 million—seven per cent higher than the 1952 production value. Production of iron ore was 20 per cent higher on shipments of 117.00 million long tons against 97.24 million tons in 1952. The greatest increase was in fuels. Volume and value of petroleum and natural gas far outweighed the continued decline in coal. Production of oven coke and coal chemicals, other non-metallic minerals and metals rose appreciably.

* * * * * * *

Supersonic Washing Machine in Production Soon: An electric sonic washing machine is about to go into serial production at the Elekthermax factory in Papa, Hungary, according to an announcement in the Hungarian Press. Invention of this machine was announced only last August. Clothing is washed as in other machines in a tub of detergent, but instead of using the conventional rotary apparatus to do so the machine employs high speed sound vibrations to "shake" the dirt out. It is stated to be more efficient and kinder to clothes than the ordinary electric washer. It does a wash in 15 minutes and it is claimed that it uses no more power than a 40 watt light.

Sheep Farming in Rajasthan: The total sheep population of the State of Rajasthan was 52 lakhs which was about one-fifth of the total Indian sheep population producing about 3 lakh maunds of wool, approximately a third of the total Indian produce, and as such organising such exhibition in areas like Shekhawati with a view to training the sheep-breeders in the latest methods of scientific working was of great importance. Rajasthan apart from exporting over 2 lakh maunds of wool was exporting 4 lakh sheep every year. This industry alone is employing about one million persons.

* * * * * * *

Coal Industry to be Public Utility Service: The Government of India have declared the coal industry so far as it is concerned with the production and supply of coal and coke to be a public utility service for the purpose of the Industrial Disputes Act 1947 (XIV of 1947) for a further period of six months from January 14, 1954.

MISCELLANEOUS

U.N.I.C.E.F. Buys U.S. Surplus Milk: The U.N. Children's Fund (U.N.I.C.E.F.) has purchased—at the nominal price of cent a pound (approximately As. 1½ per seer) some 30,000,000 pounds of U.S. Government surplus dried milk. In announcing the sale, the U.S. Department of Agriculture said the milk was purchased originally from American farms for 16 cents a pound (approximately Rs. 1-8 per seer) as part of the Government's price support programme. The milk will be used by U.N.I.C.E.F. to nourish children of member countries throughout the world.

* * * * * * *

N.A.T.O. to Develop Communications: The North Atlantic Alliance is expected to spend $100 million during 1954 to develop communications in Europe. The sum represents mostly allocations from previous years because of a two-to-three year lag between approval of projects by the North Atlantic Council and their realisation. It is expected to link the Adriatic Sea from the heel of Italy to Greece, and a similar link across the Aegean Sea from Greece to Turkey, thus allowing a telephone link extending from Northern Norway to East Turkey.

* * * * * * *

New Basis of Relations Between Britain and Siam: The relations between Britain and Siam have been placed on a new basis from January 14. Hitherto they were governed by the U.K.-Siam Agreement of January 1, 1946, for the termination of the state of war. In the changed circumstances of 1954, a new agreement providing: 1. That the relations of peace and friendship established between the two countries by the 1946 Agreement shall be maintained indefinitely; 2. That such other provisions of the 1946 Agreement as are still applicable shall remain in force (these include provisions relating to the upkeep of war graves); and 3. That the two Governments shall proceed to negotiate a consular convention.

* * * * * * *

I.L.O. Conference of Salaried Workers: The third session of the Advisory Committee on salaried employees and professional workers of the I.L.O. will open at Geneva on March 29, 1954, and will last until April 1954. The agenda includes:

(1) General Report, dealing with: (a) action taken in the various committees in the light of the conclusions of the previous sessions of the committees; (b) steps taken by the office to follow up the studies and enquiries proposed by the committee; (c) recent events and developments affecting salaried employees professional workers.

(2) Unemployment among salaried employees salaried professional workers.

(3) Conditions of employment of teaching staff.

India as a member of the Committee has to nom nate a tripartite delegation which may consist of tw Government representatives of employers' organisation and two representatives of workers' organisations hav ing a substantial number of members amongst salarie and professional workers.

* * * * * * *

Delhi Public Library Offers Training Facilities: The Delhi Public Library, a U.N.E.S.C.O.-Government of India public library pilot project, in operation for the last two years, now offers training facilities in public library service to Indian and foreign librarians. Advice on library matters like Urban Library Service and designing and operation of the Mobile Library Service, etc., are also to be given.

* * * * * * *

Progress of Scottish Hydro-Electric Scheme: Britain's greatest hydro-electric development—in the valley of the River Conon in Ross-shire—will be a showpiece of British craftsmanship and engineering ability when completed. Already under way, it has attracted visitors from various parts of the world. It is estimated that its output will be 442 million units of electricity per year. Building cost to the North of Scotland Hydro-Electric Board will be £16 million. Engineers from all over the world are visiting the Scottish Highlands to survey the huge scheme which will incorporate six generating stations, six main tunnels an six dams stretching throughout the Conon valley. Th project will bring prosperity to the Highlands—bett farming, more employment, improved household amen ties, and new beauty spots.

* * * * * * *

Appleby's Return: The arrival of Dean Paul H. Appleby of Syracuse University, for a second visit in India, was announced recently by Dr. Douglas Ensminger, Representative in India for the Ford Foundation. Dean Appleby completed a year ago a general survey of governmental administration here, his conclusions having been incorporated in a report made public by the Government of India. He has returned now at the request of Government. He will make no additional study and will prepare no new report, however. His visit is for the purpose of facilitating communication of matters earlier presented. To this end, he will have extensive conversations with Ministers and key officials here and in a number of States.

* * * * * * *

Indian Shipping Line to Japan: The first regular shipping between India and Japan by an Indian line will be inaugurated this month when the 8,000-ton "State of Andhra" arrives in Yokohama, it is learnt. The service is being started by the Eastern Shipping Corporation of Bombay. The "State of Andhra" is scheduled to arrive in Yokohama on January 21. It is carrying 3,000 tons of scrap iron in addition to general cargo from India, Singapore and Hong Kong. The "State of Andhra", it is stated, will be followed by two other newly-built vessels in February and March. The Eastern Shipping Corporation has joined the Hong Kong-Japan Freight Conference, the Japan-Straits Freight Conference and the Bay of Bengal Freight Conference.

NEWS IN BRIEF

INDIAN

Land collections under the Bhoodan Campaign total over 2 million acres. Up to January 5, 1954, 2,407,023 acres had been collected. Bihar tops the list with 1,323,796 acres, Uttar Pradesh with 500,891 acres and Rajasthan with 234,376 acres come next. Out of this 40,545 acres have been distributed in six States to 7,559 families.

* * * * * * *

One thousand nine hundred and eighty four single-teacher primary schools are to be opened in the Punjab by March 1954. This will raise the number of primary schools in the State to 6,300.

* * * * * * *

The Faridabad Development Board—a refugee township—has been sanctioned a loan of Rs. 5.25 lakhs during the current financial year, to assist the Board in completing the Diesel Engine factory in Faridabad.

* * * * * * *

Dr. Alexander Fleck, the Chairman of Imperial Chemical Industries Ltd., London, has just arrived in Calcutta. He is on a short visit to this country, with a view to studying Indian conditions at first-hand.

* * * * * * *

Dr. P. Parija, Vice-Chancellor, Utkal University, and Shrimati Sucheta Kripalani, M.P., have been appointed as members of the Central Board of Film Censors following the retirement of Sri Tushar Kanti Ghosh and Sri C. R. Srinivasan.

* * * * * * *

An Advisory Committee has been set up under the chairmanship of Dr. Bakshi Tek Chand to advise the Ministry of Rehabilitation on matters connected with the interim compensation scheme. The Settlement Commissioner, Ministry of Rehabilitation, will be the Committee's Secretary. The Committee's will advise the Ministry on matters which will be referred to it from time to time.

* * * * * * *

The Government of India have decided to send a Delegation to the third meeting of the Inland Transport Committee, the sixth session of the Committee on Industry and Trade, and the tenth session of Economic Commission for Asia and the Far East being held in Ceylon.

* * * * * * *

Vaccine production in U.P. is now being stepped up in relation to the major animal welfare programme of the State Government. The vaccine laboratories of the State Government Animal Husbandry Department's Biological Products Section which has now been equipped with two new model centrifugal freeze-dryer machines by the F.A.O. has produced over 41 lakh doses of goat tissue virus and over 29 lakh doses of Haemorrhagic Septicæmia vaccine last year. First of its kind in the country producing freeze-dried vaccines, the laboratories have now undertaken to supply their products to Orissa, Madhya Pradesh and other States.

* * * * * * *

Andhra will have a new University named after Lord Venkateswara, presiding deity at Tirumalai. The Cabinet decided recently to locate the University at Tirumalai-Tirupati. The University, the second of its kind in Andhra, will have territorial jurisdiction over the Rayalaseema districts comprising Kurnool, Cuddapah, Chittoor and Anantapur and also Nellore. An official spokesman has stated that if possible the proposed University would function from July next.

FOREIGN

The U.N.I.C.E.F. is buying 30,000 metric tons of flour on the world market for Palestine Arab refugees. The purchase is being made for the U.N. Relief and Works Agency for Palestine which will distribute the flour to refugees in Syria, Lebanon, Jordon and the Gaza area (Egypt).

* * * * * * * *

Specimens of rich iron ore are reported to have been discovered in Gadun area of Mardan district in the North-West Frontier Province of Pakistan.

* * * * * * * *

American and British Treasury officials are arranging final details of a $252 million scheme for additional U.S. aid to re-equip the Royal Air Force. The money will be spent over the next two or three years.

* * * * * * * *

The "Publishers' Weekly", a trade journal, says Americans are reading more books than ever before. Last year more than 12,000 new books and new editions were published, almost twice as many as in 1945 which was the year of lowest production in recent years. Religious books led the field in book store sales. Books for children increased by 12 per cent over 1952.

* * * * * * * *

In Thailand, owner-tillers of all farmland operate 87 per cent of the land under cultivation. The average size of holdings is 40,000 sq. metres, and average cash income per farm from farm products sold is 2,149 baht ($171.00 at official exchange rates).

* * * * * * * *

Agreement has been reached between the Yugoslav Government and 20 International and National organisations on the extension of technical aid to Yugoslavia in 1954. One hundred and ninety-eight foreign specialists will visit Yugoslavia, and 1,283 Yugoslavs will be given foreign scholarships.

* * * * * * * *

The World Bank has agreed to grant Ceylon approximately Rs. 104 million to meet the full foreign cost of Norton Bridge Hydro-Electric Scheme, Stage II.

* * * * * * * *

Ceylon had an adverse trade balance of Rs. 205,216,000 in 1952, according to official figures released in Colombo recently.

* * * * * * * *

Holland and the U.S.A. signed an agreement recently, preparing the way for possible American technical assistance to Surinam (Dutch Guiana) and the Netherlands Antilles.

* * * * * * * *

West German exports to India during the first 11 months of 1953 were nearly 20 per cent higher than in the same period of 1952, it was officially announced in Bonn recently. A Government bulletin said imports from India in the same period were up by 40 per cent.

* * * * * * * *

India and West Germany recently began trade negotiations to renew their trade agreement of November, 1952. India is chiefly interested in German engineering and capital equipment, in return for tea, hides, chemicals and handicraft produce.

* * * * * * * *

The Italian Cabinet recently approved a record budget of 2,433,000 million lire for the current year. The expenditure provides for the buildings for the poor and public works schemes to absorb part of the 2 million unemployed.



FOR BETTER SOCIAL SERVICES AND SOCIAL AMENITIES

Every little is needed to add to the nation's pool of investment — to finance the great development schemes to help build the Welfare State of tomorrow.

THE SMALL SAVINGS SCHEME grows and flourishes under a guarantee of absolute security.

WHY HAS IT GROWN because it fulfils an obvious and urgent need—it puts your money to work for your and the nation's good.

Invest in

NATIONAL SAVINGS CERTIFICATES	Rs. 150 for Rs. 100 in 12 years.
TEN-YEAR TREASURY SAVINGS DEPOSITS	3½% Interest paid annually and capital secured for 10 years.
POST OFFICE SAVINGS BANK DEPOSITS	2% interest added on deposits upto Rs. 10,000/- (on deposits up to Rs. 20,000/- in the case of joint accounts).

Interest earned is free of Indian Income-tax.

INDIA'S PLAN GIVES

More schools - More hospitals
More roads

For further information and/or rules governing these investments please write to the National Savings Commissioner, Gorton Castle, Simla-3, or the Regional National Savings Officer of your State.

A.C. 5.12

A Window On The World

TOWNSMEN AMONG THE VILLAGERS

By

ODYSSEUS

ALL HONOUR TO THE MIDDLE CLASSES—the politicians, civil servants, social workers, economists, school teachers, and others—who, concerned over the obvious ills of the rural masses, are trying to promote rural uplift. When I was in Delhi this last hot weather, my delightful and charming friend, Dr. Sushila Nayyar, Health Minister of Delhi State, took me round the rural improvement work in the State. It struck me as admirably practical: I saw tanks being widened and deepened, drains being dug to lead flood waters away, roads being built, and several other useful undertakings.

All this is excellent and, in Delhi at any rate, I believe that a stride forward has been taken, but it is, nevertheless, important that the middle classes who are responsible for these uplift plans should remember with humility that they are city dwellers, chairborne, office-bound, and, too often, book-inspired. If their well-intended efforts are to bear the intended fruit (as opposed to unexpected fruit), our middle class reformers need constantly to check their paper plans by direct observation of village ways and customs.

That is why I have summarised at length in two previous articles a splendid lecture entitled "The Government and the Village" recently given at Mysore University by Mr. Allen Beales, an American anthropologist. For Mr. Beales' lecture was the result of an on-the-spot investigation. My first article, "A Rural Indian Idyll", published on January 15, revealed the tragic exploitation inflicted on an isolated South Indian forest village, not in some distant bad old colonial past, but today, at this moment as you read, in free, independent India. And don't forget that you no longer live under an imperialist regime that you cannot influence, but that, as a citizen and elector, you cannot divest yourself of a share of the responsibility for these injustices.

I trust that some public spirited members of Parliament will verify the allegations in my article by some searching questions to the Federal and State Ministers of Agriculture in charge of the forests in their respective areas. If Mr. Beales' facts are incorrect, they should be refuted. If they are correct, they are a national disgrace.

Last week's article, "In An Indian Village Today", revealed the hardships imposed on a village near a big South Indian town by an administration carried on from physically and spiritually remote centres. Today I conclude with Mr. Beales' reflections on the future.

VILLAGERS RIPE FOR COMMUNISM

Mr. Beales reports that the people of his representative village of Hattarahalli are profoundly dissatisfied with the existing regime. Their old culture and social organisation is disappearing, but nothing satisfactory is taking its place. Standing on the ruins of their former culture and faced with an overwhelming problem of overpopulation, the the villagers of Hattarahalli feel frustrated. Some think that a Communist regime could be no worse than the existing one, that it might be better, and that it is therefore worth a try. Some hope that the Congress Party will overcome its inertia (sic) and its corruption (sic), and come to their aid. The brutal fact is that every villager wants a change of some kind—now, and not a hundred years from now.

One of the basic aims of the Five-Year Plan is to increase the production of foodstuffs. If successful, this may well mean that the price of food would fall and that the farmer would have plenty of food but no money. That was all right in 1900, but now the people of Hattarahalli want cycles and wrist watches; they want to see a film once a month; and they want houses like those that they see in the big town nearbly. Why should pleasant bungalows be for the rich" and not for them? If the price of food continues to decline as it was at the time of Mr. Beales' investigation, this will produce grave discontent in rural areas. Here again, the effects of government programmes may not always be what the planners, who sit in remote air-conditioned offices, expect.

Agricultural reforms aim at greater working efficiency, especially by mechanisation. But greater efficiency and mechanisation in any industry mean that more is produced with less effort, that is by fewer people. What our office-bound planners sometimes overlook is that this raises a new problem which demands simultaneous solution—the creation of numbers of unemployed. Even a simple device like the iron plough reduces the labour required for ploughing by one-half. If an efficient weed killer, like 2-4-D, were introduced into Indian agriculture, it would, besides improving output, cause unemployment. A by-product of increasing agricultural production may thus be the unemployment of millions. Mr. Beales reminds us that the agricultural reforms programme of President Roosevelt's New Deal, and the simultaneous industrialisation of agriculture, resulted in one of the greatest migrations of human history, when millions of unemployed farm labourers left their homes in search of a livelihood elsewhere.

Because they live in the midst of these problems of technological unemployment, and of overpopulation, the people of Hattarahalli are well aware that there are too many people employed in agriculture. Many of them are trying to leave their village to find employment in industry. Most of the educated villagers, that is more than half the male population, understand the importance of education and see in it the door to urban employment. At present, however, certain reforms are contemplated in the educational system of the State which reduce the villagers' chance of finding employment in jobs other than agriculture. This year, the nearby High School has changed its medium of instruction from English to Kannada. This, Mr. Beales reports, is greatly resented by the villagers as they feel that it will now become more difficult than ever for them to get jobs in the State capital. Some of the wealthier villagers now send their sons to the big town where there are private schools that teach in English.

RURAL EDUCATION PLANS' FALLACIES

Nor, in village eyes, is this the worst threatened by the State's new educational program. The government plans to reduce drastically the amount of academic instruction made available to the villagers and to increase the amount of training given in agriculture and

related cottage industries. Thus, although the villagers consider it essential that one or two sons from every family should seek employment in industry, the education provided by the State directly opposes the only solution to their hardships that the villagers see.

The new educational system will, of course, benefit those who make agriculture their career, but the other 25 to 50 per cent of the youth of Hattarahalli, those for whom there are no jobs inside the village, will suffer terribly from an education that denies them any opportunity of competing with those educated in urban areas.

Mr. Beales considers it impossible at this stage to foresee what the effect of the government's plans will be upon such a village as Hattarahalli, but those cited above are some of the unforeseen results that Mr. Beales fears may emerge.

When planning for villages is discussed and it is asked whether any given plan will be accepted by the villagers or not, a number of fresh problems arise. Although the inhabitants of such villages as Hattarahalli are willing to respond to well-conceived planning programmes and village conservatism is greatly exaggerated, there are still a number of obstacles which prevent full utilisation by the villagers of existing plans. Corruption is one. For example, in getting loans from the government for building wells or improving the land, the villagers themselves are allowed little or no say in determining who should and who should not get loans. Decisions are taken by officials for reasons that bring intrinsically good plans into hatred and ridicule. Loans are intended for the poor, but relative poverty is often judged by the ability to give the largest bribe! Further, since all government officials with whom the villager deals are appointed civil servants, it is difficult for him to secure the removal of corrupt officials. Mr. Beales considers that there can be no end to corruption until the villagers are given effective representation in their own local government. The administrative and judicial branches of government must be brought down to the village level and the officials must become dependent on the villagers. European and American villages appoint their own local officials who are not responsible to some distant authority but to the village.

A man engaged in the administration of village development work told Mr. Beales that the greatest problem that he encountered was that of disunity in the village. Anyone who has lived in an Indian village is impressed by the number of faction fights, offences, and murders that take place. This sort of behaviour is, says Mr. Beales, characteristic everywhere in the world of people who are treated as second class citizens. Rapid social changes, feelings of inferiority, and absence of local self-government, inevitably produce social disorganisation. As long as the villagers are ruled by outsiders appointed by a distant government over whom the villagers have no control, social disorganisation, with its faction fights, general irresponsibility, and lack of neighbourly co-operation, will continue to frustrate development plans.

Mr. Beales concludes with the observation that there are two human groups involved in development planning: on the one side are the government officials who must ultimately administer the programme. If these officials are corrupt, the programme cannot be successful. On the other side are the innocent victims of development plans, the villagers. As plans are conceived and applied without consideration of their possible effects upon the human beings in the village, they may have tragic consequences which greatly exceed the beneficial effects intended. Good intentions do not always make good plans.



BOOK REVIEWS

A GERMAN IN TIBET

Seven Years in Tibet: By Heinrich Harrer: Translated from the German by Richard Graves: Rupert Hart-Davis, Soho Square, London: 16s. net.

This fascinating book describing the experiences of a German who escaped from a detention camp in Dehra Dun in 1943 and made his way to Tibet after almost incredible hardships is one which is as rich in adventure as it is in historical material about Tibet. The story of how this unhappy German detenu found his way into the counsels of the Dalai Lama and received asylum at Lhasa is one of remarkable interest throughout.

The picture of life in Lhasa which is the most interesting portion of the book recalls THE LOST HORIZON of Shangri-La, a kind of spiritual island in the middle of a world rent to distraction with strife.

After November, 1950, what? The tale unhappily abruptly halts. The author left Lhasa in the middle of November 1950, and the reader's hope that he would get from this unbiassed German source the story of Communist occupation in Tibet is thus bitterly disappointed. There is just enough in the last chapter to indicate how unhappy the change was. The Dalai Lama's flight to Gyangtse is briefly described. There is a passage of touching feeling in the description to be found on page 281:

"The monks of the Monastery of Jang swarmed in thousands to meet the Dalai Lama. They flung themselves before his horse's hoofs and begged him not to leave them, crying that if he went away they would be left without a leader, at the mercy of the Chinese. The officials feared that the monks would try to prevent the Dalai Lama from going any further, but at this critical moment he showed the strength of his personality and explained to the monks that he could do more for his country if he did not fall into the hands of the enemy, and that he would return as soon as he had concluded a suitable agreement with them. After demonstrations of affection and loyalty the monks cleared the way for the caravan to proceed".

The rest of this story is not told but we in India know it. The Dalai Lama who had sought asylum in India was 12 miles from our borders, when the Ministry of External Affairs, under advice from Sardar K. M. Panikkar, advised him to withdraw and return to his own country. In this manner India showed her acquiescence in the occupation of Tibet. There will be many in the wide world who will consider that in thus accepting the Communist occupation we betrayed this helpless leader of the most peaceful country in the world.

JAPAN'S FOOD IN THE WAR

Japanese Food Management in World War II: By Bruce F. Johnston: The Food Research Institute of Stanford University, Stanford, California: $7.50.

This, an interesting study of the measures taken in Japan during the war to protect the food situation, will be of historical rather than administrative value. The circumstances in Japan at the end of the war were exceptional and are not likely to be reproduced in any country or even in Japan again.

It is the opinion of the author that "deterioration in the quality and quantity of the Japanese diet and the precarious outlook for the maintenance of food rationing appear to have weighed heavily in the decision of the government to surrender in August 1945." This is certainly a likely conclusion. Japan has been at all times dependent on food imports; at the present time imports run up to 20 per cent of her food requirements. The virtual blockade and the tremendous shipping losses which Japan incurred near the end of the war reduced her capacity to import very significantly. On page 141, there is a statement to show that from December 1941 to July 1945, Japan lost 2,180 ships and the tonnage sunk or seriously damaged was 7,590,000. The effect of these shipping losses was bound to be reflected in the imports of food. The food controls became unmanageable at the middle of 1945 because of shortage of supplies and a drastic change had to be made in the order of priorities in imports. The priority given to food is shown by the rise in imports of staple foods and salt in the months of April, May, June and July 1945. Whereas in April the quantities of staple foods and salt imported were 269,000 tons, they had to move up in June to 446,000 tons and in July 407,000 tons or from 23 to 53 per cent of the total shipments. This was at the cost of coal, iron, steel and other non-ferrous metals which went down from 64 per cent in April 1945 to 37 per cent in June and 42 per cent in July. It is, therefore, quite clear that Japan's war potential in these last months was suffering on both sides. Food was inadequate because of the absence of shipping, and the diversion of greatly reduced shipping towards food imports seriously affected industrial raw materials. Even if the atom bomb had not been used, it seems the surrender of Japan was implicitly in these facts.

This is a very competent survey of a most interesting historical phase in Japan's life by a recognised authority. It will be remembered that Mr. Bruce Johnston served from 1946 to 1948 as chief of the Food Branch, Price Control and Rationing Division of the Economic and Scientific Section of General Headquarters of the Supreme Commander for the Allied Powers (SCAP). He has been assisted in this work by Mr. Mosaburo Hosoda, chief of the Archives section of the Japanese Ministry of Agriculture and Forestry, and Mr. Yoshio Kusumi, former Vice-Minister of Agriculture and Forestry and now a member of the Committee of the House of Councillors.

A SILVER JUBILEE

Silver Jubilee Souvenir: 1928-1953: Andhra Chamber of Commerce, Madras, Kurnool.

This is a good storehouse of information on all matters relative to the economic life of the newly fromed Andhra State. Articles accompanied by numerous charts and maps by a number of contributors "on the subjects in which they are specialised" cover every aspect of Agriculture, Irrigation and Power, Minerals, Industries, Commerce, Banking, Insurance, Transport, Finance and other allied topics. In the Foreword, Mr. P. Suryanarayana, President of the Chamber, says: "The completion of a quarter century of useful existence is a matter for congratulation for any institution". The Andhra Chamber of Commerce is also to be congratulated on this excellent souvenir.

Andhra is mainly an agricultural state having a surplus of about 3 lakh tons of food grains. But it has mineral resources too, which, though not very great, can be the basis for a number of important industries. Dr. C. Mahadevan has discussed in this souvenir the future of the mineral industries in Andhra state. Andhra, he contends, has sufficient quantities of mica, manganese and asbestos, the full utilisation of which will go some way towards the industrial development of the state. The possibilities for industrial development in the state and the industrial potentialities of the state have been dealt with in articles by Mr. R. C. Malhotra, Mr. V. Ramakrishna and others.

With a shipbuilding yard at Visakhapatnam and the proposed oil refinery also at the same place, Andhra starts well. It is for the Andhra Chamber of Commerce now to guide and advise the new state in the proper utilisation of the resources and development of her agriculture and industries. On this occasion of its Silver Jubilee, the Andhra Chamber seems well fitted to discharge these larger responsibilities. It carries with it the good wishes of the whole country.

TABLOID HISTORY

The History of Europe (1750-1950): By W. R. McAuliffe: Orient Longmans, Calcutta, Bombay and Madras: Rs. 6|-.

Volumes have been written on the causes of the French Revolution and even today it is a subject for debate. World Wars I and II are still live subjects for contemporary historians who have spread themselves in many books. Against this background, one's first impression of the present book must necessarily be that it has attempted the impossible. It seeks to cover in some 350 pages all that has happened from the beginning of the Agricultural and Industrial Revolution to the succession of Queen Elizabeth II. Is there a place for tabloid history of this cryptic kind? There is. But this is only for students of history to whom a skeleton of Europe is required. Many Indian students need just this skeleton in order to have an outer frame into which their reading of Indian history may be adjusted.

What were in brief the historical events which were changing Europe at the time when the East India Company was taking over the administration of India? What were the changes in Europe when the Indian national movement was growing to manhood and achievement? This book, specially conceived for a skeleton outline, tells this outline (and only the roughest of outlines) fairly well. It would be a terrible thing, however, if a history of Europe such as this caught on to the neglect of the classical manner such as belongs to H. A. L. Fischer's "History of Europe".



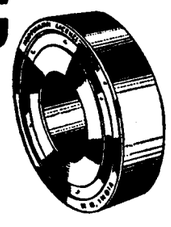
SHALIMAR SUPERLAC

SYNTHETIC ENAMEL

Will stand repeated cleaning ... is available in a full gloss range of 38 rich shades ... in 1 O.M. Pint, ½ & 1 O.M. Gall. tins and 3 & 5 O.M. Gall. drums.

SHALIMAR PAINT, COLOUR & VARNISH CO. LTD.
Calcutta • Bombay • Madras • New Delhi • Kanpur

NBC



Do you know...

The skill and expert knowledge of our technical staff are embodied in our products.

NBC ball bearings are equal to the world's best

NATIONAL BEARING CO.; LTD.
JAIPUR — RAJASTHAN

A DELHI DIARY

REPUBLIC DAY

A STRANGE question was going its rounds after the parade last Tuesday. Was this parade better than that of previous years, or was it not? I recalled (facetiously!) the crushing sentence which Hillaire Belloc once used in the Oxford Union when debating on the motion "This House is of the opinion that women students of Oxford University should be admitted to degrees". "Where all are perfect", said Belloc, "there can be no question of degree." The motion was then lost, though happily women (possibly not all being perfect!) have since been admitted to degrees. My feeling about the Republic Day parade is that it was as good as it has always been; no better and no worse. I think its end is far less impressive than its beginning and the school boys and school girls marching with enthusiasm deprive the display of finish which is clear in the military sections. But why do people keep asking this question? Some answer should be attempted.

I consider it is a case of bad conscience. We are becoming increasingly conscious of certain elements of deterioration elsewhere. We know that routine administration is sliding (gently!) down; the multiplication of civil jobs does not lead to promptness in many government offices. It is, perhaps, concluded that the military services cannot have missed the impact of the same forces which have affected the civil services. These are essentially political forces; the loss of confidence and authority in the services following on the transfer of power to politicians and the transfer of influence by adult suffrage to the people. It is plausible to argue that military efficiency has been affected; but as far as I can determine, this is not significantly the case. And the reason is that in the armed services the politician and the people are both a little outside the pale. It is because the army has been kept (in cantonments!) free from infection by the two leading currents of the Indian Revolution that it continues to function as an integrated whole. I got this impression from the parade. Our military services are much less concerned about pleasing the Prime Minister and the people than are our civil services. They work to a plan in which (happily!) political considerations in terms of pleasing the populace are out.

I count this as a source of strength and not of weakness. To my mind, in principle the transfer of power to the politician and of influence to the people was good. In practice, however, any principle can be overdone if it conflicts with equally good principles elsewhere. The transfer of power and influence must not lead to a loss of confidence in the minds of executive elements in the administration. If the politicians and the people had solutions for our problems and the skill of implementation, the undermining of the authority of the administrative services would not matter. When I say at present it matters enormously, no undue reflection on our politicians and the people is implied! But now that Dean Paul Appleby is back, I hope sincerely he will consider not merely the theoretical organization within which executive instruments should work, but the practical limits of power and authority which they should exercise independently of the politician or the people.

I count this administrative problem the largest of the problems which India has to face in this fifth year of the Republic. Unhappily, it is treated as subsidiary to foreign policy, the Plan, Linguistic States and so on and so forth, and nobody recognises that the success of everything depends on the men who have to do the job. I am constantly told that, since the Plan is being achieved, things cannot need so much rectification as I assert. But the First Five-Year Plan merely translated into figures an existing tempo (and almost all existing projects); it only made an easy matter look difficult by raising the great big bogey of resources. The Second Five-Year Plan will be a very different matter, and not because of the great big bogey of financial resources; it will be different because of the intense concentration of power in a few politicians (I had nearly said one!) and the absence of that wide dispersion of authority which is the hall-mark of a true democracy, and even more of a democratic executive agency doing new and difficult things.

I am convinced the job can be done. And (being an optimist!) I believe it will be done. But on this Republic Day (or rather three days later!) I must confess that I cannot see this being done without some considerable change in the outlook which the Prime Minister brings to bear on his treatment of the services or of the executive instruments in the private sector. I see from what is happening in Bombay that private industrialists are now awakening to the point that their public relations have not been good enough to convince the country of the important contribution they can make to the solution of many problems. It is not, however, the people who need to be convinced; it is not they who are stopping private enterprise from doing the job. An advertisement in a famous American paper says "Sell to the man at the top". In India, at least, this is the only policy. Will not Sir Homi Mody sell his ideas to the man at the top?

ALL OR NOTHING?

I have just time to deal with the Cultural Pageant and a picturesque figure. The Cultural Pageant which trailed after the parade was conspicuous for much enthusiasm and for some prolification! Why, for example, on the latter point, was Delhi allowed to present four items, three of which had nothing to do with Delhi? Was it Delhi's business to act for Travancore-Cochin, Bombay (in the form of a Maharashtrian wedding!) and West Bengal which (incidentally!) was speaking for itself? Why were Bombay and Madras conspicuous by their absence? Can it be that Mr. Morarji Desai refuses to participate in entertainments of this fickle kind? And has Rajaji nothing even philosophical to show from Madras? Surely, a cultural pageant of this kind should contain one (and only one!) representative from each of India's States. I am for all—or nothing!

MR. R. A. BUTLER

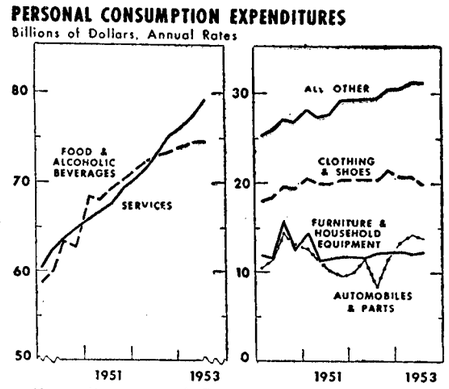
The picturesque figure was the British Chancellor of the Exchequer. He made a very powerful impression at his Press conference on Wednesday, answering questions on the sterling area, the U.S.-Pakistan pact, and the colonial question with almost equal ease. There was a gentle rebuke on Indo-Pakistan relations; he pleaded for a sense of proportion. There was gentle indignation on the colonial administration of the United Kingdom on which the Chancellor (in nearly the last answer of the session!) said he could speak for half-an-hour. Happily we did not spend that half-hour with the colonies; I wonder, however, whether the Prime Minister who was entertaining Mr. Butler at lunch shortly afterwards got that talk!

ARGUS.

SPECIAL ARTICLES

CONSUMER EXPENDITURE IN THE UNITED STATES

THE subject of consumer expenditure in the United States has assumed great importance because it is believed that a strong break here will have worldwide repercussions. It is important to analyse and explain the structure of consumer expenditure in the United States from many different angles, depending on the industries in which one is interested or in the exports and imports which are likely to be affected by a particular drop of expenditure. But for the purposes of the limited analysis which is here attempted the only three heads chosen are those included under durable goods, non-durable goods, and services.



NOTE.—Department of Commerce quarterly estimates, adjusted for seasonal variation.

The table below gives the structure of consumer expenditure in the United States from 1949 to the third quarter of 1953 under these three particular heads. It is, of course, true that the experience of 1949 to 1953 may not be repeated in 1954. The Korean boom has ended, and the peak of rearmament has been almost passed. Nevertheless, on the basis that consumer habits have tended to develop certain strong resistances to change, a study of these figures will indicate at least some points at which a recession is not likely to apply.

The most important factor in the structure of American consumer expenditure is in respect of services. The demand for services in the United States covers the widest variety of items. This includes air and rail transport, the demand for residential accommodation, and a wide variety of tourist and other undertakings. The figures for services have shown no single fall in any quarter of the years from 1949 to 1953. Consumer spending has maintained its uninterrupted post-war growth and in the third quarter of 1953 was 8 per cent greater than a year earlier, though probably half the rise was the result of higher prices. In this respect it is different from the demand of durable goods which has admitted setbacks, particularly in the last quarter of 1950, and in the second and third quarters of 1951, and the third quarter of 1953. The demand for durable goods is liable in the United States, even under boom conditions, to some considerable fluctuations, measurable in billions of dollars. On the other hand, the demand for services shows no fluctuations at all but a steady and unrelieved upward trend of a rate which over these years has been about 7 per cent. There is no indication today that the demand for services in the United States will alter significantly in the short period. In other words, the services expenditure in the United States provides a stabilizer for falling demand for durable goods.

The position of non-durable goods is more uncertain. In the year 1949 to 1953 the movement has been more or less steadily upwards, there being only three setbacks all relatively minor, one in the last quarter of 1950, another in the second quarter of 1951, and the third in the third quarter of 1953. Here the rate of rise, however, is lower than in services. The rise has been of the order of 20 per cent in five years or about 4 per cent per year. It would appear that non-durable goods can only act as a partial stabilizer against a recession in the demand for durable goods.

The total effect, therefore, of consumer expenditure is compounded of a highly fluctuating item under durable goods with a powerful elevating item under services, and a much less, but still effective, upward trend in non-durable goods.

CONSUMER EXPENDITURE IN THE UNITED STATES, 1949—1953

			Seasonally Adjusted at Annual Rates Gross National Product	Total Personal Consumption Expenditures	Durable Goods	(Billions of dollars) Non-durable Goods	Services
1949		I	258.8	177.4	22.4	99.4	55.6
	Quarters	II	255.2	178.4	23.0	99.2	56.2
		III	254.4	179.0	24.7	97.6	56.6
		IV	253.8	180.6	25.3	97.9	57.4
1950		I	264.4	184.7	26.3	98.4	60.1
	Quarters	II	275.0	188.7	26.6	100.4	61.6
		III	287.4	202.5	34.3	105.5	62.7
		IV	303.7	198.4	29.4	104.9	64.0
1951		I	319.6	210.5	31.3	113.3	65.9
	Quarters	II	329.3	204.5	26.3	111.3	66.9
		III	330.9	206.4	25.5	113.2	67.6
		IV	337.1	210.5	25.3	116.2	69.0
1952		I	340.4	213.7	26.0	117.2	70.5
	Quarters	II	345.1	217.2	27.4	118.0	71.8
		III	345.3	217.2	25.1	118.7	73.3
		IV	361.1	224.4	28.2	121.1	75.1
1953		I	362.0	227.7	30.2	121.2	76.3
	Quarters	II	372.4	230.4	30.7	122.1	77.6
		III	369.0	231.0	30.4	121.3	79.2

Messrs A. S. Goldberger and L. R. Klein's forecast for 1954, discussed in the leading article "1954: Recession or Readjustment?" in "The Eastern Economist" issue of January 15, argued that the total consumer expenditure in 1954 would rise rather than fall. This is in effect to state that the demand for non-durable and service items will offset a fall in durable goods. In this forecast the fall is in gross private capital formation from 26 billion dollars in 1952 (at 1939 prices) to 22.7 billion dollars in 1954. While investment in their model will run down by about 3.3 billion dollars, consumer expenditure which moves up from 116.1 billion dollars in 1951 to 117.3 billion dollars for 1954 shows no decline. In effect, this implies that the demand for services and non-durable goods is likely to be considerably greater than the fall for durable goods.

There is thus in their view in the American economy at the present time some prima facie evidence that the system, so far as consumption expenditure is concerned, contains a stabilizer which has been omitted from classical trade cycle theory. In the classical statement of industrial fluctuations, the fall in the demand for investment goods leads almost immediately to a decline in the demand for consumer goods. This pattern seems to have established itself in the United States in the years of the great depression. Consumer expenditure in these years showed itself quickly responsive to drops in investment expenditure. The position, however, at the present time seems in this respect to be markedly different. The consuming habits of people in the United States have tended to get stabilized, possibly because of the large element of personal saving now available, at a point which permits investment expenditure to decline considerably without affecting consumption expenditure. It may well be that this new element in the situation is likely to be the most significant factor in preventing a readjustment from running into a recession.

THE INDIAN STANDARDS INSTITUTION—1947-1954

STANDARDIZATION in India can be said to have commenced in 1909, when the Railway Board appointed an Inspectorate of Local Manufactures. The setting up of the Metallurgical Inspectorate later constituted the next important step in this direction. The function of the Metallurgical Inspectorate was the inspection of the 20,000-ton yearly supply of rails and fishplates contracted for five years by the Tata Iron and Steel Company which had been recently started. This inspection and testing organization can be taken to have laid the foundation of standardization in this country. Other organizations like the Central Standards Office of the Railway Board; Directorate of Technical Development, Army Headquarters; Directorate General of Supplies and Disposals; Central Board of Irrigation and similar others have grown since then which deal with standardization in their respective spheres.

As industrial development progressed in the country, industry as well as the Government felt the need for setting up a national standards body. The demand was first put forward by the Industries Conference held at Lucknow in 1940. The Industrial Research Planning Committee, in its report in 1945, also recommended the setting up of a Board of Standards for framing Indian Standard Specifications which were "essential preliminary to the maximum use of her (India's) resources for the industrial development of the country".

It was, however, only in 1946 that the creation of the Indian Standards Institution (I.S.I.) was proposed under a resolution of the Government of India, and in 1947, the Institution was formally set up. The activities of the Institution were actually initiated with the appointment in June 1947 of its present Director, Dr. Lal C. Verman.

The main objects of the I.S.I. include the preparation and promotion of standards, on national and international levels, relating to structures, materials, practices, operations, etc; co-ordination of the efforts of consumers and producers for improving products, appliances and processes; quality control and simplification in industry, and registration of Standards Marks applicable to products and commodities produced in conformity with the Indian Standards issued.

The Institution is under the overall control of a General Council (G.C.), with the Minister for Commerce and Industry, Government of India, as its ex-officio President. The Central and State Governments, the industry, scientific institutions and the Subscribing Members of the I.S.I. are represented on the G.C. The Executive Committee (E.C.), which is appointed by the G.C., is responsible for directing the affairs of the Institution. As for its finances, the Institution derives income from Central and State Government grants, subscriptions from members, sale of Indian Standards and similar other sources.

The technical work of the Institution is conducted by various Division Councils which have grown from the humble beginning of one Division Council in 1947 to four fully constituted Division Councils at the present time, namely the Engineering Division Council, the Textile Division Council, the Chemical Division Council and the Building Division Council, and an Agricultural and Food Products Section which is the precursor of a new Division Council. In addition, two more sections, one of Statistics intended to assist in surveys of industries, improvement of sampling procedures and study of methods of quality control, and another of Steel Economy for the purpose of devising ways and means for economy in the use of steel in structures without detriment to their efficient service or strength, have been instituted.

PROCEDURE FOR PREPARING STANDARDS

To formulate a standard, the concerned Division Council appoints a Sectional Committee, and that in turn appoints Sub-committees and Panels, which undertake the preparation of a preliminary draft. There are at present over 380 such Sectional Committees, Sub-committees and Panels, with a membership of about 4,000 experts drawn from all walks of life, working together on the formulation of standards on various subjects. On these Committees all interests concerned, such as the producer, the consumer and the technologist, are fully represented, with the consumer interest predominating. The draft standard is then issued in wide circulation for an adequate period to elicit comment from interested parties in India and abroad. The comments are then collected and considered and a final draft is evolved after reconciling the different viewpoints. The final draft is issued as a firm or tentative standard, as the case may be, after endorsement and adoption by the Division Council and the Executive Committee respectively. Thus, the preparation of a national standard involves continuous consultation, compromise and adaptation with a view to arriving at a general consensus of opinion of all interests concerned.

Notwithstanding this rather lengthy and complicated process, the Institution has, in its brief period of existence, issued about 450 Indian Standards, covering a wide range of subjects which can be broadly classified under the heads: Quality Control and Industrial Statistics; Documentation; Iron, Steel and their Products; Hand Tools; Non-Ferrous Metals and Alloys; Electrical

Equipment and Accessories; Refractories; Cement, Concrete and Allied Materials; Timber and Timber Products; Builders' Hardware; Sports Goods; Raw Minerals; Lac and Lac Products; Bitumen, Tar and Tar Products; Soaps; Essential Oils; Chemicals—Heavy and Fine; and Textiles and Textile Engineering. Special mention may, however, be made of the standards on Plywood Tea-chests, Cement, Mica, Lac, Electrical Appliances, Refractories, Salt, Cotton Fabrics and Jute, items some of which figure in our export trade. Standards on sports goods constitute a pioneering work conducted by the I.S.I., as these are the first ever published by any standards body of the world. While the standard for Plywood Tea-chests, which is now under revision, was hailed as one of the best standards that ever appeared on the subject, the standards for Mica form the main basis of international standards on the material. The progress of standards at various stages of formulation during the last four years is summarised in the table below:

Summary of Standards in Various Stages of Formulation

	Ending March			
	1950	1951	1952	1953
Subjects approved by E.C. ..	664	788	907	1109
Drafts under preparation or circulated	370	339	402	496
Drafts finalized	31	58	92	94
Standards published	79	217	300	391

IMPLEMENTATION OF STANDARDS

As has been seen, the process involved in evolving a standard is complex and lengthy, but that makes it eminently suited to adoption by industry and trade. The adoption is, however, voluntary; the I.S.I. being a democratic body, any compulsion in the enforcement of Indian Standards, by making them mandatory by law, can hardly be envisaged. However, of the 450 standards issued by the I.S.I. so far, over 200 have already been adopted by various Government departments for use as their purchase specifications, and many more are under consideration for such action.

CERTIFICATION MARKING

The I.S.I. (Certification Marks) Act was passed by Parliament in 1952. The Act confers statutory authority on the Institution to establish Certification Marks which could be applied to products and commodities conforming to the Indian Standards set by the Institution, and issue licences to manufacturers for affixing the Marks on their goods. Such schemes are in use in some progressive countries like the U.K. and France, and will come into operation in this country after further necessary rules in this connection are framed by the Government. The value of this system is that in the external trade, it will serve as a guarantee to the foreign buyer, who has had occasion for complaint in the past, because of the uncertainties caused by insufficient appreciation of his requirements and a measure of negligence on the part of some exporters. The coming into force of the Certification Marking Scheme should have a stabilizing effect in export trade and should encourage foreign buyers to purchase Indian goods with an amount of confidence. In the internal trade, while the scheme will provide protection to the manufacturer of quality against unfair competition by the producer of cheap and undependable goods, the inexperienced consumer will also be facilitated in making his purchases.

INTERNATIONAL CO-OPERATION

In the international field, the standardization activity is carried on by the International Organization for Standardization (I.S.O.). The I.S.I. is a member of the I.S.O., participating in the work of 48 of its Technical Committees. It holds the Secretariats for two International Technical Committees on Mica and Shellac. The Director of the I.S.I. has, since 1949, been the elected Vice-President of the I.S.O., the highest elective office in that organization to which the head of a national standards body is eligible. This is a special mark of recognition of the work done by a comparatively young organization as the I.S.I.

To co-ordinate the national work on electrical standardization with that of the International Electrotechnical Commission (I.E.C.), the Institution has set up the Indian National Committee for the I.E.C. (I.N.C.-I.E.C.) which is working under the Engineering Division Council. This association between the I.S.I. and the I.E.C. has resulted in increased consciousness on the part of Indian electrical manufacturing industry and trade for an increased participation in the international work.



THE BUSINESS WORLD

THE RANDALL REPORT

The full text of the Randall Commission's report on the foreign economic policy of the United States not being available, an assessment of its implications from the point of view of the undeveloped countries is somewhat risky. Nevertheless, enough is now known regarding the general tenor of the report to permit some tentative conclusions on the outlook in relation to two matters which are of interest to these countries, namely, the convertibility of the pound sterling and the compatibility of development with internal balance in general, which is the condition precedent for sterling convertibility. On the whole, the judgment can be hazarded that the Randall Commission's recommendations are realistic rather than starry-eyed (inviting a comparison which is natural with the Gray and Rockefeller reports) and in line with the Sydney conference's general conclusions in the sense that convertibility is a goal to which there can be only a "gradual and controlled" approach.

The inarticulate major premise of the report seems to be that non-discrimination stays as the general background of policy for the sterling area. In view of academic opinion in Britain—Sir Dennis Robertson being the latest convert to the need for a little discrimination, including tariff discrimination, rather than the dash for convertibility together with import restrictions, which necessarily have to be drastically applied —this assumption of the report is interesting and important.

This general background of American economic polidy being thus unchanged, the Randall report makes one important concession to the British point of view. It reiterates in effect the conclusions of the Bell report to the effect that American import policy should be liberalised. The detailed recommendations in order to give effect to this finding go about as far as Republican policy can be expected to approve, and if the recommendations are implemented there will no longer be such complaints as those over the rejection of the British tender for the Chief Joseph dam or as those of the Japanese regarding the cost of carriage of their aided imports in American ships. The issue as between the Bell report, which recommended tariff simplification, and the Piquet report, which belittled the consequences, cannot be settled except in the light of experience of what actually happens as the tariff and customs policies in the United States have been simplified. But the recommendation to liberalise is of undoubted advantage to the sterling area—whether this advantage is immense or not so great is not so very material.

This finding in favour of liberalisation is in general line with:

(i) the advance towards free markets within the United Kingdom and,

(ii) the efforts to withdraw controls and to rehabilitate a free enterprise economy generally.

But while this is welcome from the point of view of sterling convertibility, the realistic nature of the report means that the sterling area cannot entertain any hopes regarding some other matters.

In the first place, the recommendation to the effect that foreign economic aid should taper off—private investment being promoted instead—removes an important prop from under the plans for sterling convertibility. There is pointed absence of any mention of a fund to support sterling.

In the second place, the recommendations to the effect that commodity agreements and stockpiling should not be the means of supporting the prices of raw materials is apt to leave the sterling area wondering what these means should be. This mean that another prop is taken away.

The combined effect of these recommendations, which can be regarded as the elaboration of the British slogan of 'trade, not aid' and as an attempt to bring the foreign economic policy of the United States into line with the domestic policy of the Republican Party, is unlikely to be very substantial from the point of view of progress towards convertibility. Presumably, the Randall Commission intends that its recommendations should constitute only one more step in this progress —and that it is not for the United States to underwrite residually the convertibility of the pound sterling by proposing any extraordinary steps. Other steps in the progress towards convertibility will possibly be:

(i) expansion of the European payments union,

(ii) strengthening of sterling's reserves by adding Russian gold among other means which are open to the sterling area,

(iii) reducing the liabilities in the shape of sterling balances held by those countries which are likely to rush for the conversion of sterling into dollars as soon as convertibility is announced, and

(iv) a further improvement in the exportable capacity of the sterling area.

The words "gradual and controlled" used by the Commission in connection with sterling convertibility may well be significant. The Randall Commission does not recommend, as the Sydney conference apparently did not recommend, a wild dash for freedom. This should suit the backward members of the sterling area as a whole, for they cannot, in the nature of the circumstances, put convertibility rather than development first.

THE IMPORTANCE OF PRODUCTION RESEARCH IN TEA

IN dealing with the introduction of new techniques and methods for a well established industry such as tea, one is confronted with three uncomfortable problems. The first is whether it is wise to risk comment which might be biased and may be misunderstood. Secondly, there are many who would disagree with the approach, treatment and effects of the application. The third is that of reducing a complicated situation to a simple account.

Tea planters in India, it appears, are applying to today's problems, techniques designed to solve the problems of yesterday. To solve the problems of tomorrow the industry would be well advised to study productivity of production labourer as well as non-production worker on the garden.

Judging by the course of events in the past few years, one must conclude that wages will be high and will tend to go higher. Reductions are not likely to occur even during periods of recession. With 60 per cent labour content in the production cost of tea, the question of Work-and-Time Studies towers in importance over everything else. This may perhaps sound like

the quarrel about who should treat the patient. There is, of course, no single "best" solution. Nor is there an easy solution. However, huge progress has been made in scientific research of growing and manufacturing tea in the past fifty years. For that reason alone, it is a problem of diminishing size, while the greater and growing problem of production research has been neglected. The question of finding the best way, the standard of a fair day's work, workers' selection and training and establishing incentives still remain to be developed. Important as is the scientific research of growing and manufacturing tea, it is secondary, under the existing circumstances, to the importance of saving time or working efficiently.

The history of industrial progress in the world reveals that new techniques and innovations have usually been started without help from the leaders of the industry and often in defiance of their collective opinion. The tea industry in India is extremely conservative and selective and Agency Houses have felt perfectly justified in avoiding labour-saving changes as they had no heart for the introduction of labour-displacing techniques in times of buyers' market. In times of sellers' market their attention has been devoted to the expansion of out-turn rather than to an increase in efficiency.

From the early beginning, the planters' important characteristics were their ingenuity, shrewdness and inventiveness. These valuable characteristics seem to have been submerged by the existence of a large and constantly growing labour force, low wage level and perhaps too much reliance on scientific research to counter all adverse factors. As a result, they have been showing greater interest in the preservation of the status quo and security. Recently, however, partly in response to local conditions and the competition of other tea growing countries, there are signs of a rebirth of alert leadership.

After minimum wage legislation, India's tea gardens have to depend entirely on selling prices of tea. Until adjustments are made, they are bound to suffer. What is needed, therefore, is the realisation of their urgency and their utmost importance, a clear and objective study of the situation and unsentimental and sincere application of the results. The answer is Work-and-Time Study Engineers. They are trained to develop a sense of proportion for weighing the cost to effect gains, and a commercial instinct to draw the right conclusions and guide decisions towards profitable measures. They are the men to bring out the facts as they are, not as they are thought or believed to be.

No doubt many planters will regard advice on tea garden operation from Work Study men as just a piece of impertinence. On the other hand, the concept that the regular garden management can effect all necessary work in this direction is simply naive. No matter how experienced they may be in their knowledge of the work to be performed, no matter how well intentioned they may be, they cannot overcome the inherent complexities and variables that are part of production with anything other than measured facts. Determination and application must be factual and impartial, in so far as possible, it must be free from outside pressures, personal interests and prejudices.

It would seem to follow that with realistic and experimental approach a great deal of progress and development can be achieved in the tea industry by recognising the supplementary nature of Work-and-Time Studies for more efficient production and to improve labour and management relations.

One cannot over-emphasize the fact that in industries where productivity is higher than in tea, people do not work harder, but more effectively.

Wherever manual work is performed, there is always the problem of finding the most economical way of doing the job, i.e. "taking the work out of work" and then of determining the amount of work that should be done in a given period of time. Armed with accurate data, it would facilitate decisions such as application of uniform worker earnings as opposed to district-wide uniform piece rate to operations like plucking.

Work-and-Time Studies have been introduced into industry over seventy years ago and Systematic Time Studies, or Standard Data, or Predetermined Time techniques are being increasingly used throughout industry all over the world for the setting of standards, assignments and rates. Measurement of labour is now a recognised science in industry.

As already mentioned, labour cost is the largest element of expense on the gardens. It is also the greatest variable. It varies for many reasons. Chief of these are absence of measurement and lack of control.

It is necessary, then, to measure labour in order to know what part of cost it is and to properly reward extra efforts. These measurements provide the foundation for an efficient incentive plan. Everything one does has some kind of incentive behind it.

Experience reveals that regardless of time and effort spent to improve costs with better methods of cultivation and manufacture, the industry has never been able to realise the full benefits owing to lack of interest displayed by labour. "Payments by Results" is the way to overcome this failing, i.e., paying full value for extra effort in a fair way. It has been found that a good wage incentive plan is more efficient than the raising of wages, because extra money has to be earned by an extra effort. It is obvious that a good incentive scheme benefits the labour force through improvement in their standard of living.

Psychological factors play a very important role. As a matter of fact, the main obstacles seem to be neither technical nor financial but psychological. Due to climatic conditions in the tea growing districts, it appears that workers' happiness lies in remaining absent from work. Higher wages, therefore, are usually accompanied by an increase in absenteeism. In addition, low education and discipline are said to be the cause of less dependable sense of duty and efficiency. The figures can only measure what has happened—but past performances are no proof of what can be done under different conditions. Proper wage incentive schemes help to transform lost time into useful production resulting in a lower cost per pound. From these savings, the industry can pay higher wages and sell at lower prices, thus bringing about a doubly beneficial effect on real wages. It is not out of place to mention that nowadays, over two hundred million pounds of tea is consumed internally.

Naturally, it would be wrong to assume that Work-and-Time Studies and wage incentives are a cure-all, or that they are simple. It is like any other human effort —one gets no more out of it than one puts into it. This factor alone partially explains the different degrees of success attained by various companies. Everyone realises that every advantage has some disadvantage in it. The main difficulty is "standards" and to overcome it, it is expedient to reduce their number and use procedures that reduce errors. This form of solution points directly towards the use of good time-study methods. Time-study is much more reliable for setting production standards than any of the compromise or guess methods. Time-study is the best method that has been evolved for determining a fair day's work. Coupled with job evaluation, it can help to iron out inequalities and avoid inconsistencies.

To meet future competition is yet another important reason for measuring and rewarding all forms of labour effort. It seems that India's staying ahead in the race and sustaining a high degree of employment depends upon steadily increasing productivity. Otherwise, continued employment will depend largely upon reducing costs by lowering wages. Such an alternative is not to anyone's liking.

In maintaining India's position among tea exporting countries it is advisable to "remember that no war, no strikes, no depression can so completely and irrevocably destroy an established business as new and better methods in the hands of an enlightened competitor."

VOICE OF FREE ENTERPRISE

By

CROESUS

I am happy to find that more and more people are coming forward to press the view-point that, in the mixed economy, which is what our Government is wedded to, free enterprise has not only a significant role to play but that it has also to ensure that its voice does not fall on deaf ears. Indeed, Mr. M. R. Masani, who has been a staunch supporter of the mixed economy concept for India for as many years as I can recall, went a step further and exhorted the "accredited spokesmen of enlightened free enterprise" to come forward with a Charter or Declaration of Faith based on a policy of "clean hands" and "nation first" and express their readiness to live by it, when he addressed the Hyderabad Rotary Club recently. In a sense, leaders of private enterprise have done it and been doing it all along, although they have not given it, as Mr, Masani has done, an imposing name such as a "Charter" or a "Declaration of Faith". The Federation of Indian Chambers of Commerce, the Employers' Federation of India, and the Associated Chamber of Commerce, and perhaps almost every Chairman of important industrial undertakings lately have all been telling the Government that they are ready to make their contribution to the country's economic development, that they have ceased to regard the war-time and post-war returns on their outlay as normal any more, and that all that they need in return are good words of encouragement where these are called for and a reasonable degree of freedom in the sphere in which they are still allowed to function. But, for the first time, perhaps, industry is being made to realise that, if it is to be protected from further encroachments on the part of an all-devouring bureaucracy, this is not enough but something more is needed, namely, co-operation of those employed in industry and, even more than that, co-operation of the sovereign people. Industry has yet to enlist in full this twin co-operation. If it wants to do so, it has to educate the workers and the general public alike. It is only recently that sincere and earnest attempts are being thought of, if not made in this behalf.

Everyone says that labour is discontented, but why is it discontented? It is not always, nor in all cases, because it is not getting its due share in the existing circumstances. It is rather because it does not understand the inequalities it sees around it and is only made to demand the removal of these inequalities without actually working for it in a positive way. If labour wants a larger size of the industrial cake, it can do so only by enlarging the size of the cake in the first instance. Let it not be forgotten that if the existing cake is divided by any impartial person on any reasonable basis amongst all those that are entitled to a share —these are not merely the industrialists and the workers, but also include the public at large, the State (both Centre and States) and the local bodies—the share of each is bound to be little or negligible. Labour has to be convinced that its interests do not lie in merely putting forward more and more demands but in realising its own obligations not merely to its employer but to society at large. We have now a paternalistic Government which can be depended upon to protect everybody's interests.

The public's co-operation is also necessary if private enterprise is to flourish even in a so-called mixed economy. If all the time private enterprise as a whole is being branded—"painted with the same brush"—as unsocial or anti-social by the highest in the country, it is no wonder that the people are deluded into believing that it may be really so. Unfortunately there are some among those who are in power today who, having formed some impressions wrongly or rightly years ago, refuse to believe that conditions and the climate have radically changed since. Probably it is politics to take up such a stand when the wave of public indignation against a few unsocial elements is sweeping the country, making no allowance whatsoever for the terrible aftermath of every war. Following any cataclysmic happening such as a great war, the world throws up some frothy effervescence in the form of such unsocial elements, but, being unwanted and disliked, these elements cannot and do not last very long. And to follow any policy directed against these transient elements indefinitely is as unwise as it is harmful.

However, if the administrators follow a policy like this, enlightened private enterprise can only turn to the public and educate it. If public opinion is educated along right lines, it is bound to exercise its pressure on the administration. No Government, however powerful, can afford to ignore public opinion. The recent meeting of all sections of industry held in Bombay has set up a Committee with Sir Homi Mody as Chairman to chalk out and guide its work. Will this Committee give the suggestion to educate the workers and the masses about the useful role of private enterprise, its early and serious attention?

AN INDUSTRIAL AWARD

By

CROESUS

The Award of the Industrial Court, Bombay, in the matter of compensation for the loss of wages by the employees of the textile mills in Bombay due to short working or closure of textile mills during the period extending from November 1, 1951 to July 13, 1952, in compliance with an order of the Government of Bombay, owing to power shortage, may not mean, in terms of rupees, annas and pies, very much to the industry as a whole—a rough estimate puts the total compensation at about a crore of rupees. But it raises a number of important issues. It creates, for instance, an unfortunate precedent, which lays down that it is not so much

legal liability as the ability to bear the burden and the modern trend of social justice that ought to govern the demands of labour.

In the course of its judgment, the Court refers to the recent Industrial Disputes (Amendment) Act, 1953, in particular to the lay-off definition therein, and instances that as reflecting the modern trend. Although it concedes that this Act has no retrospective effect, it relies on the tripartite agreement which preceded the Act to indicate what the present-day concept of social justice on this point is. From a study of the judgment, one cannot help concluding that the Court had probably made up its mind to award compensation. For instance, the argument that Standing Order 16 would not apply to the facts of the case and that, even if it did, the Court still had jurisdiction to award compensation, having regard to the facts and circumstances of the case, if it so felt it could do so, and has, in the event, actually awarded compensation, and the rather involved arguments to justify a direct reference by the Government to the Court, instead of the reference being made by the representative union of the industry to the Labour Court, as prescribed under the law ordinarily, reflect more the sympathy of the Court for the workers than the strictly legal interpretation of the provisions of the law. Maybe, under the latest lay-off legislation of the Union Government, compensation is obligatory. But the question is: was it so when the cause of the dispute in question existed, namely, between November 1, 1951 and July 13, 1952?

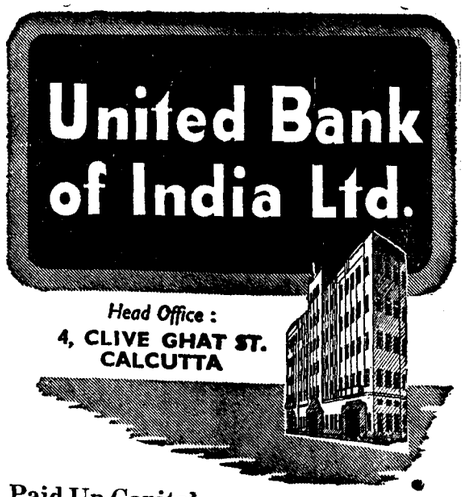
Under the law as then existed, the closure or short working was occasioned by reason of 'force majeure' and, as the spokesman of the mills rightly contended, it was covered by Standing Order 16 and as such no compensation was legally payable. A point to be remembered here is that the closure or short working was decided upon following a number of conferences held by the Government not only with the millowners and the management of the hydro-electric system but also with the representative union of the industry, namely, the Rashtriya Mill Mazdoor Sangh. Moreover, even after it was known that there was to be a reduction in the consumption of electricity, the mills, or at least some of them, did make every honest effort to prevent the closure or short working by installing power generating plants at considerable cost. This is a clear proof of the earnestness of the mills to leave no stone unturned to minimise the loss of work and the consequent inconvenience to their employees. One would have expected the Government of Bombay not only to take note of this gesture but also to appreciate it by prevailing upon the workers not to insist on their demand. However, after having been responsible for the power-cut and also referring the matter to the Industrial Court, it condescended to refrain from taking sides! Was any more evidence than this interest of the Government in securing compensation for the workers necessary?

There is one more aspect of the judgment that industrialists would have to take note of. The Court has stated, after pointing out that the closure does not appear to have affected, to any substantial extent, the profits or losses of the mills concerned, that, in the annual reports of the loss-making mills exhibited in the bonus case, "we find in only one or two of such reports any reference to losses due to curtailment of production on account of closures." In future, the managements of companies would have to take note of this and specifically include a reference indicating the extent of loss incurred by them due to causes beyond their control, if any, although, under the latest labour legislation, even this will not prove very helpful.

Then, again, one cannot resist questioning the statement of the Court that, "in consequence of the short working extending, in many cases, to 8½ months, more sacrifice was made by the employees than the employers". If, by this, the Court intends to convey that, because the mills can afford the loss, it is not a greater sacrifice on their part than it is to the employees, it may perhaps be unexceptionable as a statement. But, even so, a loss will not cease to be a loss whether it is one who can afford the loss that loses or one who cannot afford the loss does so.

Finally, attempts are made in certain quarters to justify the Award, on the ground that, in any case, the industry has, in effect, to lose very much less than what it is called upon to pay, because, to this extent, it would save the tax payable on the amounts involved. There is no gainsaying the fact that the compensation payable will be allowed as a permissible expenditure for purposes of income-tax. But there is no reason why the whole country and not merely the Bombay Government should be made to pay for the unimaginative power policy of the State Government.

Now that the Award has been made, and will probably be upheld even if the mills were to go in appeal, it is to be hoped that the Bombay Government would use its good offices to take an assurance from the workers that they will not question the setting off of the compensation out of the profits for the current year. This is the least that the Government can do for the industry.



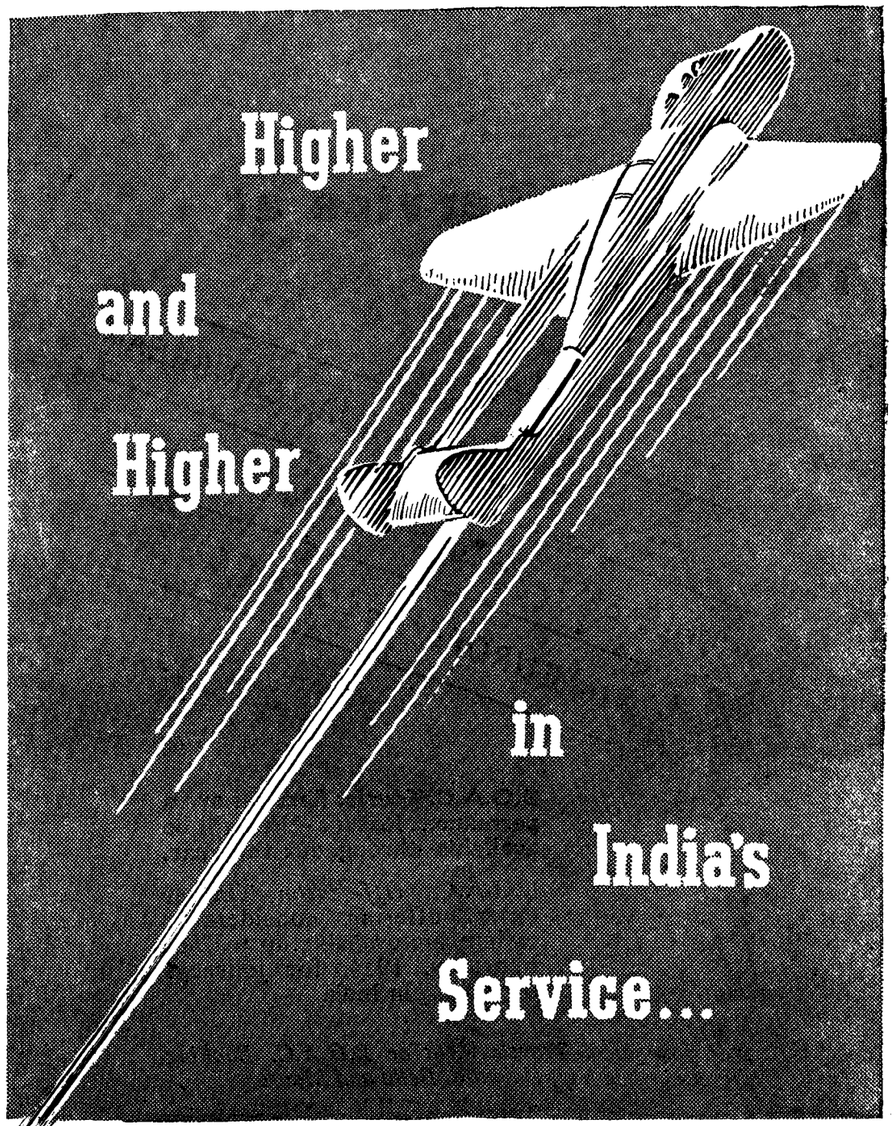
Paid Up Capital & Reserve Over Rs. 3,68,00,000/-

Working Funds Over Rs. 34,14,00,000/-

INVEST IN OUR 3 YEARS' CASH CERTIFICATES encashable at any time after 6 months. Yield Over 3% per annum on maturity.

Foreign Agencies

ENGLAND, U.S.A., AUSTRALIA, CANADA, FRANCE, BELGIUM, NORWAY, SWEDEN, SWITZERLAND, HOLLAND, ITALY, JAPAN AND GERMANY.



Jet fighters of the Indian Air Force need special tyres. These tyres are now being made for the first time in India by Dunlop, founders of the tyre industry.

TRADE MARK

DUNLOP

Equips the Wheels of the Nation

DX 417

'First Class Service at Tourist Fares'



B.O.A.C. Tourist Services are a permanent feature—they will be available throughout the year.

B.O.A.C. *Off-season* Tourist Fares, offering considerable savings, are available up to 28th February, 1954, for journeys originating in India

Ask your local Travel Agent or B.O.A.C. Booking Offices in Bombay, Calcutta, Delhi and Madras.

Fly Tourist by B·O·A·C

BRITISH OVERSEAS AIRWAYS CORPORATION

BUSINESS NOTES

SUGAR-CANE PRICE

The action of the Uttar Pradesh Cane Unions' Federation in demanding an increase in the price to be paid for sugarcane has caused much concern about the impact of the demand on the sugar industry in the near future. The Federation's demand is for an increase of As. 5 per maund to Rs. 1-12 per maund and it has been accompanied by threat of direct action to stop supplies of cane to sugar mills from February. The Federation's large membership in this premier sugar producing State gives more than ordinary interest to its drastic demand of an increase of approximately 25 per cent in cane prices. Since cane price forms the most vital ingredient of sugar production costs the effect of the increase on the structure of the industry cannot be ignored. The Federation's plea for asking for the increase is, that the price level actually realised by the mills in the recent past was high and what it is claiming is only a share of this excess price along with the mills and labour, and nothing more. In effect it means that cane-growers want, in addition to a fixed minimum price, a scheme of profit-sharing. The U.P. Sugar Mills' Association which met this week to consider the demand has come to a decision not to concede it, and the current position is that the two sides are in complete disagreement. Present indications are that final settlement will involve careful negotiations as an acceptable formula will carry certain significant implications.

The Central Government has reacted promptly to the demand. It has set its face firmly against any increase in the minimum price of cane fixed at Rs. 1-7 per maund. But it has announced its intention to devise a suitable formula to enable cane-growers to secure a share in the excess profits earned by the mills. This scheme of profit-sharing with a guarantee for floor prices is inconsistent with free market operations, and the only reasonable and realistic course is to remove the guarantee and let cane prices find a proper level.

This demand for a higher cane price comes at a time when the official reports in this State disclose a deterioration in cane production. In the reserved areas the yield of sugarcane per acre declined for the year ended June 1952 by 18 maunds to 278 maunds below the yield for the previous year. The percentage of recovery also deteriorated in the same period to 9.3 from 9.8. The State Government which is reported to sympathise with the growers in their demand needs to pay priority attention not only to arresting this deterioration but bringing about a positive improvement in the output and quality of cane as a direct measure for the production of cheaper sugar.

COMPENSATION BONDS IN U.P.

Payment of compensation for the abolition of zamindari in U.P. is now taking final shape. Compensation to the former intermediaries through the medium of bonds has already been settled and in view of the convenience which this mode of payment confers on the State exchequer there is to be no going back on it. The scheme for issue of bonds has been drawn up in elaborate detail explaining the value of bonds, recovery of arrears, failure to cash vouchers within the fixed time-limit of three months, provision for the contingency of loss of the original bond, and so forth. The bonds are to be issued without fractions in whole figures of Rs. 50, Rs. 100, Rs. 200, Rs. 500, Rs. 1,000, Rs. 5,000 and Rs. 10,000. The amount of compensation covered by the bonds is made payable in a period of 40 years with interest at the rate of 2.5 per cent per annum.

It is some consolation to the title-holders of the bonds that the original scheme is being modified and although the modification is coming at the last minute, it seeks to introduce a welcome feature in the bonds. These bonds, which according to the original scheme that has been adhered to up to now were to be non-transferable and non-negotiable, are now proposed to be made negotiable. There need be no doubt that public views which have been elicited on the proposed change will endorse it. The rigidity of the claim to the value of the bond would certainly have operated as a serious handicap to the great hardship of the bond-holders. The State Government's intention to impart liquidity to the bonds is, therefore, a step in the right direction. The only other change proposed to be introduced is annual payment, in place of the original half-yearly payment, of the instalments due under the bonds.

TARGETS FOR COAL

The targets for the output of coal during the current year, fixed by the Government of India in terms of the policy of pegging the production for conservation of high grade coal, prescribe the level for selected A and B grades of coking coal at 7.4 million tons and for coking coals of Grade I and Grade II at the figure for 1952, when coal exports were maintained on a satisfactory scale. It is now for the Coal Board to fix targets for individual collieries with discretionary authority to entertain appeals from collieries to enhance their limits above 1953. Conventional precautions are to be enforced against downgrading of coals.

Targets for coking coal in the case of individual collieries, while they are to be related to the same quantity as in 1953, are to be governed by certain specified conditions which would show that a guarantee against recurrence of seasonal transport bottlenecks need not be assumed from the mere fact of the elaborate manner in which the conditions have been laid down. Ceilings of output for each colliery are to be regulated by the supply of wagons, which in turn are to be fixed on the basis of output targets together with stocks awaiting clearance for dispatch on December 31 last. No wagons are to be supplied in excess of the stipulated limit which would require the collieries to keep to a schedule of despatch of wagon-loads. This inflexible condition has been imposed obviously owing to the inability of the railways to make variations in wagon supply to suit the demands of reasonable adjustment. Individual targets are to be related to the working of the collieries on an economic basis. Precaution against excessive retrenchment is one vital consideration applicable to the output targets. Some latitude of interchange is allowed in respect of groups of collieries coming within the ambit of the same ownership or managing agency. In their case, targets for individual collieries may be transferred to others in the same group subject to the cumulative ceiling fixed for the group and subject to the further condition that no colliery will be closed down in the process. Government-owned collieries also have been brought under the scope of this scheme of targets and related obligations.

FALL IN VOLUME OF INDO-AUSTRALIAN TRADE

An outstanding fact about the Indo-Australian trade for the year ended March, 1953, is the great fall in the volume of trade. The major cause for the reduction of volume of trade between the two countries was the decline in Indian exports to Australia. Exports to

Australia in 1952-53 were valued at £A 14,646,000 as against £A 47,825,000 in 1951-52. Imports from Australia too have declined from £A 17,148,000 in 1951-52 to £A 16,911,000 in 1952-53. This meant that while Australia had an unfavourable balance of trade to the value of £A 30,914,000 in 1951-52, it had in 1952-53 a favourable balance of trade to the value of £A 2,502,000.

Some of the items of export from India which showed decline were the following: Gunny bags, cotton piece-goods, linseed oil, myrobalans, cotton waste, shellac and coir manufactures. Australian import of Indian coal which comprises 7 per cent of India's total exports has shown no decline while linseed exports to Australia had risen by 75 per cent.

On the import side, although Australia continues to supply a considerable proportion of India's imports of foodstuffs, non-ferrous metals and wool, there has been a decline over 1951-52 imports.

Australian import licencing regulations which came into force on the 8th March, 1952, and the steps which India is taking towards self-sufficiency particularly in respect of food are the main causes for this fall in volume of trade between the two countries.

THE BOMBAY TEXTILE AWARD

The extent to which uncalled-for liability can be foisted on industry in the name of compensation for lay-off is exemplified by the recent award of the full bench of the Bombay Industrial Court in the case referred to it by the Bombay Government on a motion by the Rashtriya Mill Mazdoor Sangh. The claim related to the period of about 8½ months between 1st November, 1951 and 13th July, 1952, when the textile mills were closed for an extra day per week. It will be recalled that this extra closure of mills was enforced on them by the cut imposed in the supply of electricity to the city owing to the acute shortage of power.

The Court's award directs that the mills concerned in the proceedings (in which about 2.40 lakh workers are interested) should pay their labourers compensation for the period of lay-off at the rate of 50 per cent of the basic wages and dearness allowance. No estimate of the extra payment which the award will involve is available at present, but it must be quite substantial. The involuntary unemployment enforced on the workers was none of the managements' own making and on the other hand the State Government's indifferent attitude in the matter of planning for electricity supply has now been established as a major cause of the power shortage whose magnitude could surely have been mitigated to a considerable extent by prudential planning and for which the failure of the monsoons cannot be blamed in toto. But whatever the cause of the partial closure, mills which were in no way responsible for it have been saddled with the cost of compensation. Further course in the proceedings in appeal, if any, will be watched with interest.

PLANTATIONS LABOUR ACT

The Industrial Committee on Plantations is scheduled to meet for its fifth session in Calcutta this week-end. The agenda before it requires a decision on the manner in which the Plantations Labour Act, placed on the statute book in November 1951, should be implemented. At a previous meeting held in Calcutta towards the end of 1952, the Committee, when called upon to fix a definite postponement of the introduction of the Act in view of the crisis in the tea industry, failed to come to an agreed decision on the ground that the data contained in the official enquiry team's report on the tea industry were inadequate. The team had made a firm recommendation for postponement of the enforcement of the Act for two years with a proviso to consider the question after tea prices staged recovery. In view of the fact that this contingency has been fulfilled the Labour Minister was asked in Parliament about Government's intention in this matter. It is in pursuance of Mr. Giri's assurance about early implementation that the Committee has to give its decision on the issue.

The State Governments which are responsible for the execution of the Act have already indicated their own views on the draft model rules circulated by the Union Government for eliciting comment from them as well as from workers' and employers' organizations. The final form of the rules in individual States is not a matter of importance now. Similarly, many of the benefits and amenities suggested by the Act are already being extended in the plantations and what needs to be done in respect of them is to bring them in conformity with the statutory provisions. The principal classes of benefits include medical facilities on the scale stipulated, housing and educational facilities, leave with wages, and so forth. But most important of all is the applicability of provisions for lay-off compensation in different States which is of vital significance in view of the prolonged periods of work stoppage in plantations due to adverse weather. The prevailing practice varies from absence of compensation in Madras, West Bengal, and Coorg to payment on certain scales in Assam, Bihar and Travancore-Cochin. The I.L.O. Plantation Committee's recommendation of 1950 to provide minimum wages on an average of 24 days in the month throughout the year has pitched the scale too high and the imposition of a burden of this magnitude on the plantation estates in a recessionary phase will be a heavy strain which cannot be pressed. The tripartite Committee will have to come to an agreement on a practical formula for the progressive enforcement of the provisions of the Act.

AN UNEMPLOYMENT PROBE

Despite marginal changes in the placements reported by the Employment Exchanges, unemployment has lost none of its magnitude. Measures to be devised for an attack on this grave problem necessitate a clear analysis of the situation which has given rise to it and from this angle fact-finding enquiries and investigations of a similar nature will surely conduce to a solution on the right lines. The report issued by the Indian Chamber of Commerce, Bombay, on the enquiry undertaken by it makes a constructive contribution to the issue. The findings contained in the report have for their main basis the replies and information supplied by 30 industrial associations and over 200 industrial and business associations which together represent the informed view of those who have to deal directly with employment. It derives its utility from the nature of its source of basic information.

Some of the conclusions which can be drawn from the report bear attention. As for Bombay City, the indifferent attention paid by the State Government to the planning of electricity supply and its adamantine opposition to the power expansion scheme advocated by Tatas were directly responsible for aggravating the magnitude of power shortage which resulted in great loss of production and employment. The Municipal Corporation's rigid policy of prohibiting the establishment of industries in certain specified zones has not only made erection of new factories difficult for lack of equally suitable sites but has brought pressure on existing industrial units to shift their location. Among

the measures which the Chamber has commended for greater productive activity are positive incentives like a realistic labour legislation policy, stores purchase on government account from indigenous production, easier availability of raw materials, a practical and less irksome administration of sales tax, and so forth. The emphasis placed on a bold and large programme of road construction suggests the urgency of labour-intensive projects which have their utility in the short-term as well as long-term contexts.

AID TO BONE-MEAL MANUFACTURE

Supply of bone-meal as a high quality agricultural manure has been an important plank in the grow more food campaign for quite a number of years. But it was only recently that a handy, cheap and indigenously manufactured mechanical digester was evolved for its production from readily available local sources of animal bones. Production of two important by-products —glue and tallow—is also an incidental benefit resulting from the newly devised digester. Bone meal in the form of fine powder capable of use as phosphatic fertiliser can be produced on a large scale from the total available supply of animal bones estimated at five lakh tons.

The requisite mechanical designer for softening treatment of bones and their manufacture into fine powder has been evolved after the Japanese prototype. The modifications introduced in the Indian machine are designed to adjust it for simple operation at an economical cost for small-scale industry. The idea is to stimulate its dispersal in villages possibly on a co-operative basis. The remodelled designer, experimented upon at the National Physical Laboratory and also in a series of trials, has been finally tested and now put for commercial use. Reduction of cost of production of bone meal was made imperative as without it the bone powder as a fertiliser would inevitably have proved too costly on the Indian farm. But this modification has necessitated a big-sized digester. Further modifications for local types will be necessary in the fire-box and grate to suit the kind of fuels—firewoods, wood-shavings, saw-dust, waste tann and bark, paddy or groundnut husk, coal etc.,—as they will be locally available in large quantities at cheap prices. But fabrication of the whole machine together with the modifications is so simple as to present no particular problem. A concessional fee of 3 per cent has been specially fixed by the Boiler Board as the inspection fee to be charged by the Chief Inspector of Boilers in individual States whose certificate for the manufacture of digesters is obligatory. More mechanical aids like these capable of easy operation in agriculture would help larger production and lowering of costs.

OIL DISCOVERY IN WESTERN AUSTRALIA

After more than 20 years of prospecting, which cost many millions of pounds and covered immense areas of the Australian continent, came the dramatic announcement early in December, 1953, of an oil strike in Western Australia. Oil had been found at Exmouth Gulf, about 680 miles north of Perth, capital of Western Australia.

Interest in this area as a possible source of oil commenced as far back as 1932. A company was formed to conduct surveys but drilling was not undertaken for lack of finances. Again, in 1945 another survey was begun to assess the oil possibility of the area. The very favourable report of the survey induced Ampol Petroleum Ltd. to make further investigations and Caltex soon joined them to form West Australian Petroleum Ltd. Drilling operations first commenced on 5th September, 1953, and within three months oil had been struck at a depth of 3,600 feet. Tests of the oil recovered show that the sample was a very high grade of crude oil.

It is believed that this discovery makes certain that a big field has been found, though much work remains to be done to assess the potential of the strike. There is great optimism and the shares of the companies concerned rose spectacularly.

The announcement of the oil find in Australia coincided with news of possibilities of finding petroleum in West Bengal and the signing of an agreement between the Indian Government and Standard Vacuum Oil Company for joint prospecting for oil in West Bengal and setting up of a refinery if and when sufficient quantity of oil is found. Geologists are optimistic about finding oil in this area because they believe this area lies in an oil-bearing belt stretching from the shores of the Mediterranean Sea to Burma.

DISTRIBUTION OF FERTILISERS

A meeting of the Secretaries of the State Departments of Agriculture held at New Delhi on January 19 last, discussed the measures that should be taken to increase the consumption of chemical fertilisers in different States during 1954. The State Governments agreed to distribute increased quantities of fertilisers, the total quantity decided upon for distribution during the year exceeding 4,00,000 tons.

The question of reducing the incidental charges and equalising the railway freight, with a view to making the fertilisers available to the cultivators all over the country at a uniform price, was also considered. It was agreed that immediate steps should be taken to get this expenditure reduced and to fix a uniform price at which the fertilisers could be made available to the cultivators in all the States. In cases, however, where there were some special difficulties, necessary adjustments could be made to enable the State Governments to sell it at a uniform price. The meeting also agreed to have a large number of demonstration centres throughout the country to popularise the use of ammonium sulphate, super-phosphate and other fertilisers.

COMMITTEE ON ORDNANCE FACTORIES

The Government of India have decided to appoint an Ordnance Factories Reorganisation Committee which will examine the working of Ordnance Factories in India and suggest methods for improving their efficiency of production, with Sardar Baldev Singh as chairman. It will examine the present organisation, procedure and methods of production in the Ordnance and Clothing Factories with reference to the probable demands of the Defence Services with a view to suggesting proposals for improvement and for ensuring maximum efficiency in production, and also with a view to increasing the ability of the Factories to produce a larger variety of specialised Defence stores for meeting the requirements of the Defence Services in the shortest possible time. It will also suggest measures for the maximum utilisation for civil production of surplus capacity in Ordnance Factories which may exist from time to time. The Committee will also consider other problems relating to Ordnance Factories such as distribution of load between various factories, inspection, cost accounting and methods of provisioning for materials and machines followed at present.

THE BIRLA COTTON SPG. & WVG. MILLS LTD.,

(P. O. BIRLA LINES)

DELHI.

We manufacture cloth from the highest class of Indian cotton and in a large number of varieties of attractive designs and charming colours. Our cloth is specially suitable for Delhi, Punjab, Rajasthan, U. P. & Bihar markets. Prompt delivery is guaranteed. Our manufactures are of medium counts and consist of Sarees from 5 yds. to 12 yds. in varieties of Borders, Prints, Striped Shirtings, Patta Shirtings, Coatings, Check Shirtings, Dyed Latha of Poplin type, Narma, Dhoties 6 to 10 yards, etc., etc.

FAMOUS

for

Designs and Durability

Managing Agents:

Birla Brothers Limited.

COMPANY AFFAIRS

THE FORT WILLIAM JUTE CO., LTD.

The working results of the Fort William Jute Co. Ltd. (Managing Agents: Bangur Bros. Ltd.,) for the half-year ended 30th September, 1953, make a very impressive reading. The net profit, after providing Rs. 1,83,925 for depreciation, comes to Rs. 8,11,513 as against a profit of Rs. 2,77,092 in the previous half-year, when no provision for depreciation was made. The loss carried forward from the preceding accounting period has been totally wiped out and the total surplus available for distribution is as high as Rs. 3,12,912. For the first time since March 1951, the directors have declared dividend on the 14,000 ordinary shares at the rate of Rs. 5 per share. Rs. 1,40,000 have been utilised in paying dividend on the cumulative preference shares for the preceding three half-years and the half-year under report. Rs. 1,00,000 have been transferred to the general reserve fund.

A notable feature of the working of the Company during the half-year under review is a sizable drop in the manufacturing expenses, while the figure for sales has remained unchanged. This fact is very well brought out in the table below:

	30-9-1952	31-3-1953	30-9-1953
Sales (Rs.) ..	87,53,623	75,31,160	75,31,197
Manufacturing Expenses (Rs.) ..	68,47,577	50,28,239	44,77,577
Net Profit (Rs.) ..	—4,41,218	+2,77,092	+8,11,513
Depreciation (Rs.)	Nil	Nil	1,83,925
Taxation ..	Nil	Nil	Nil
Dividend Rate per cent per annum	Nil	Nil	10

TEEKOY RUBBERS (INDIA) LTD.

The ninth annual report of the Teekoy Rubbers (India) Ltd. (Managing Agents: East India Agencies Ltd.) for the year ended 31st March, 1953, shows a slight decline in the total crop realised from 5,10,018 lbs. in 1952 to 4,73,909 lbs. during the year under review. On the other hand, both the cost of production and the average price realised have improved. Average selling price has advanced from Rs. 126.5 to Rs. 130 per 100 lbs. Due to the increase in wages and other emoluments to labour fixed by the Government, the estate expenditure has increased from Rs. 57.5 to Rs. 69.0 per 100 lbs.

The net earnings of the Company amount to Rs. 2,03,551 after providing for all charges including depreciation and interest on debentures. The directors have recommended maintenance of the ordinary dividend at 9 per cent per annum, absorbing Rs. 90,000. Provision for taxation has been proposed at Rs. 70,150 as against Rs. 87,750 in the previous year.

The table below summarises the fluctuations in the fortune of the Company during the last three years:

	1951	1952	1953
Rubber Acreage ..	1,454	1,454	1,454
Total Crop (lbs.) ..	4,45,801	5,10,018	4,73,909
Yield per acre ..	337.5	358.0	326.0
Cost of Production (Rs. per 100 lbs.) ..	57.0	57.5	69.0
Average Selling Price (Rs. per 100 lbs.) ..	122.2	126.5	130.0
Dividend per cent per annum	7½	9	9

BALLY JUTE CO., LTD.

The Bally Jute Co., Ltd. (Managing Agents: Jardine Henderson Ltd.) has not done well during the half-year under review. The directors have listed the following two reasons for the poor results:

(a) Trading conditions during the period have not been easy. At no time during the half-year has it been possible to manufacture heavy goods at a profit.

(b) A deliberate go-slow policy adopted by members of the "Mechanical Staff" has seriously affected the productive capacity of the mill.

Net profit, after providing Rs. 55,000 for taxation and Rs. 75,000 for depreciation, comes to Rs. 61,454 as against Rs. 1,66,667 in the preceding accounting period. Dividend has been proposed for the preference shareholders at the usual rate of Rs. 3-8 per share, while no dividend has been proposed for the ordinary shareholders.

The figure for sales stands slightly reduced from Rs. 73,34,123 to Rs. 72,12,013; the manufacturing expenses also show a sizable drop from Rs. 46,33,048 to Rs. 43,58,300. The table below summarises the movements of the chief variables:

	31-3-1953	30-9-1953
Sales (Rs.)	73,34,123	72,12,011
Manufacturing Expenses (Rs.)	46,33,048	43,58,300
Net Profit (Rs.)	1,66,667	61,454
Depreciation (Rs.)	75,000	75,000
Taxation (Rs.)	Nil	55,000
Ordinary Dividend Rate per cent per annum ..	8	Nil

NEW SAVAN SUGAR AND GUR REFINING COMPANY, LTD.

The audited accounts of the above Company (Managing Agents: Messrs Karam Chand Thapar & Bros. Ltd.) for the year ended 31st May, 1953, show a profit of Rs. 1,43,260 out of which Rs. 85,885 have been provided for depreciation and Rs. 25,000 for taxation. The dividend has been reduced from As. 8 in the previous year to As. 4 per share in the year under report.

The lessees of the Company crushed 19,09,741 maunds of cane with a recovery of 10.3 per cent in 1952-53, as against 15,91,823 maunds with 10.03 per cent recovery in the previous year. The production of sugar also showed an appreciable increase from 1,59,447 maunds to 1,96,713 maunds.

INDO COMMERCIAL BANK LTD.

Chairman of the Board

SIR A. RAMASWAMI MUDALIAR,

K.C.S.I., D.C.L. (Oxon)

Offices in Madras City :

Netaji Road : Theagarayanagar : Mylapore Triplicane and Periamet.

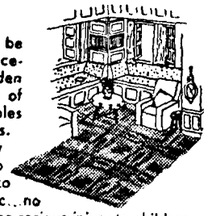
BRANCHES :

Ambasamudram : Ambur (N.A.Dt.) : Chidambaram : Cuddalore N.T. : Erode : Kancheepuram Karaikudi : Kumbakonam : Mayavaram : Mathurai : Palghat : Pudukottah : Ramnad : Shiyali Tanjore : Tenkasi : Tirunelveli Junction : Tirunelveli Town : Tiruchirapalli : Vellore : Vijayapuram Villupuram and Virudhunagar.

S. KRISHNASWAMI,
Secretary.

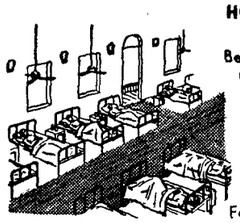
LINOLEUM—
The Versatile Floor Covering...

HOMES :



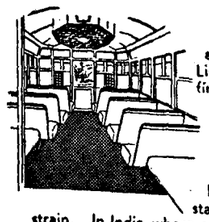
Linoleum can be laid on a simple cement or wooden floor in place of expensive marbles or mosaic floors. It is extremely comfortable to walk on, easy to clean ..hygienic...no jarring noises, no serious injury to children even if they fall. Linoleum adds colour and brightness to the home, safeguards health, promotes quiet.

HOSPITALS :



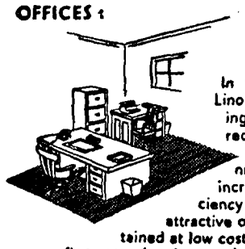
Being an hygienic, synthetic material, Linoleum is obviously an ideal floor-covering for hospitals and clinics. For nurses and doctors constantly on their feet, its "cushioning action" is a great boon; for the patients, no more disturbing noises from clattering feet.

PUBLIC TRANSPORT :



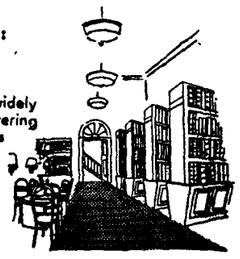
Tough, durable and easy to clean, Linoleum is the first choice for installation in public conveyances. Railway carriages, tram cars, buses.. Linoleum stands up to the strain. In India where so much luggage is carried in railway compartments, Linoleum seldom scratches or gets torn.

OFFICES :



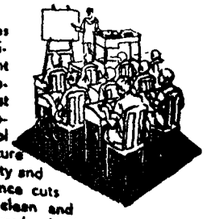
In the office Linoleum flooring effectively reduces noise and personnel fatigue, increases efficiency. For an attractive office maintained at low cost, Linoleum as a floor-covering is a real, long-term investment bringing everyday returns.

LIBRARIES :



Linoleum is widely used for covering library floors because it minimises noise, makes for that quiet atmosphere so essential for concentration. No more screeching chairs or clattering feet.

SCHOOLS :



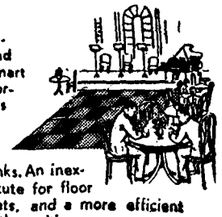
Because it reduces noise and contributes to a bright atmosphere Linoleum is a most effective floor-covering for school rooms and lecture halls. Its durability and ease of maintenance cuts costs. Easy to clean and hygienic it safeguards the health of the youngsters. Particularly suitable for gymnasiums and recreation rooms.

SHOPS :



For effective decoration of shop interiors Linoleum is unrivalled. It stands up to the heavy traffic on shop floors and the constant use of counters. Wash it clean at shutting-up time, and have a bright, new floor the next morning.

HOTELS AND RESTAURANTS :



Hotel managements have found in Linoleum a smart and durable floor-covering that is easy to clean and does not soil from spilled food or drinks. An inexpensive substitute for floor rugs and carpets, and a more efficient floor-covering than either.

Because of its resiliency, durability and economy Linoleum has become the world's most preferred floor-covering. We now offer this modern floor-covering in a wide range of patterns and vivid colours. Besides specialising in laying we can also suggest artistic floor designs to suit individual tastes and needs. Consult us or see our distributers today !

INDIA LINOLEUMS LIMITED

8, ROYAL EXCHANGE PLACE, CALCUTTA-1

COMMODITY NEWS AND NOTES

NATURAL RUBBER

World output of natural rubber in November was 140,000 tons as against 142,500 tons each in September and October, according to the Rubber Study Group. This raises the total for the first 11 months of 1953 to 1.55 million tons. The production for 1953 can easily be estimated to be a little less than that for 1952, which was 1.8 million tons. Consumption for 11 months of 1953 was 1.43 million tons, leaving a surplus of about 120,000 tons. Although this surplus is not very large, yet over the past few years production substantially exceeded consumption leading to an accumulation of stocks. This accumulation resulted in spite of the strategic stockpiling, which too is now close to realization.

The price of natural rubber in relation to synthetic rubber has been falling continuously. During 1952, prices of top quality natural rubber averaged about 60 per cent higher than those of United States synthetic rubber, but now the two prices are almost at par with each other. The accumulation of stocks of natural rubber, in spite of steep downslide of prices, has created a serious problem if not a crisis for natural rubber industry.

Whether U.S.A. will take any positive steps to assist the rubber-producing areas is problematic. While United States is the major consumer of the commodity, she is also the producer of 90 per cent of synthetic rubber. In view of the growing stocks, America planned reduced production in several of her synthetic rubber plants.

The solution to the present impasse is the removal of the threat of synthetic to natural rubber industry and creation of fairer conditions of competition between the two. If a further fall in the prices of natural rubber is permitted, South-East Asia will be faced with a serious economic crisis which in turn may accentuate the already existing threat of Communism in that region.

INDIA'S JUTE EXPORTS IMPROVE

With larger jute exports between July and December, the year 1953 ended with a total export figure of 745,000 tons as against 735,000 tons in the previous year. Jute stocks which rose to 139,000 tons in May declined to 98,000 tons in November. India's share in the total of U.S. imports of hessian improved last year. Dollar exports amounted to 138,000 bales during January-October 1953 as against 191,000 bales for the 12 months of 1952. The production of jute goods, however, fell during 1953 owing to the reduction in the weekly working hours from 48 to 42.5. The production figure was 950,000 tons in 1952 and about 870,000 tons last year. In respect of raw jute although a minimum of 18 lakh bales are licensable annually from East Pakistan, the Indian mills have only taken 7.5 lakh bales since last July. The total annual requirements of the industry are about 57 lakh bales. The carry-over into 1952, however, was 16 lakh bales and the domestic crop was of the order of 30 lakh bales.

RAW JUTE EXPORTS FROM EAST BENGAL

The export of raw jute from East Bengal in the current season's first four months from July to October 1953 totalled 17,08,196 bales, valued at Rs. 17.47 crores. This was against 12,35,911 bales, valued at Rs. 12.54 crores during the corresponding period of the last season. Of these 17,08,196 bales worth Rs. 14.97 crores went to overseas countries, and the balance valuing Rs. 2.5 crores to India.

There has been a spurt of buying in the East Bengal jute market by Poland and Russia during the past few weeks. Poland has so far bought 40,000 bales and proposes to buy another 20,000 bales, while Russia has bought a little over 30,000 bales and is negotiating for a further quantity ranging anything between 60,000 and 100,000 bales, according to competent trade associations.

COKING COAL OUTPUT CEILING FOR 1954

The Government of India have decided to peg the production of selected A and B grade coking coals in 1954 to 7.4 million tons and grade one and two coals at the level of 1952. The production of selected grades of coking coals during the first 10 months of 1953 was 6.4 million tons as against 6.41 million tons during the corresponding period in 1952. The total production in 1953 is estimated to be about 7.3 million tons. Production of grade one and two coking coals respectively was 3.02 and 2.43 million tons during the first 10 months of 1953.

IRON SCRAP EXPORT QUOTA FOR 1954

The Iron and Steel Controller, Calcutta, has informed the Madras Tamil Chamber of Commerce that the Government of India have decided to allow the export of iron and steel scrap up to a total of 65,000 tons in 1954. These include turnings and borrowings, auto-scrap, condemned old and broken machinery parts (not more than 5 per cent of which will be cast iron), sheet cuttings and punchings. Ceilings for the first four categories have been fixed at 50,000 tons and the remaining 15,000 tons for the last category. Licences will be granted to individual exporters on the basis of total exports in the two previous years, except in the case of sheet cuttings, for which licences will be issued to organized associations and owners of baling presses. The ceilings are likely to be reviewed after June 1954.

CASTOR OIL EXPORT DUTY CUT RUMOURED

The oilseeds market in Bombay has been witnessing a spate of rumours that the Government will announce a cut in the export duty on castor oil at the end of the current month. The need for a reduction in the export duty has been repeatedly brought to the attention of the Government and even the Indian Central Oilseeds Committee has pleaded for it. Although there has been no clear indication of the Government's mind, a section of the trade feels that the duty will be reduced to Rs. 100 per ton. These hopes have assisted the recent upward trend in the prices.

GROWING IMPROVED VARIETIES OF COTTON

The 69th session of the Indian Central Cotton Committee, which will be held in Bombay on February 3 and 4, will discuss questions relating to improved methods of cultivation and development of better varieties of cotton, and cotton research. Mr. R. K. Damle, Secretary of the Union Ministry of Agriculture, will preside over the session.

EXPORT OF SILK WASTE

In a Press note dated March 12, 1953, the Government of India had announced that export of silk waste of West Bengal, Bihar and Assam origin would be licensed freely for shipment up to December 31, 1953. Pending finalisation of the export policy to be adopted during 1954, the Government of India have decided to extend the free licensing of silk waste of West Bengal, Bihar, Assam and Madhya Pradesh origin for shipment up to March 31, 1954. Shipment will be allowed only from the port of Calcutta as hithertofore.

"Five wonderful years! Time to build, time to create. For my child it will bring health, free schooling. For my family, security . . . may be, with hard work, a home to call our own!"

Nearly a quarter of the funds of the Five Year Plan will be used in increasing, improving and widening the scope of our Social Services. Rs. 425 crores will go to raising the standard of living of the people, training 13,000 new doctors, 20,000 new nurses and midwives. By 1956, more than 60% of all children over six years of age will be in our 2,02,142 primary schools. This long-range planning makes manifest our faith in the future. Here, indeed, is . . .

a pledge to posterity

Lakhs of tons of Steel will be used to implement the many diverse projects of the Plan. And so, in numerous significant ways Steel will provide the foundations for a richer, more rewarding future for our nation and our people.

THE TATA IRON AND STEEL COMPANY LIMITED



TN 3935

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360.0*	369.5	619.8	397.4	90.6	100.4	86.8	94.0
June ,, c ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	4.4
July ,, c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475 3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448 0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
Week Ending										
28-11-1953 ..	370.6	444.3	359.4	362.9	711.5	388.6	90.2	101.4	87.3	97.4
5-12-1953 ..	368.4	446.4*	356.5*	363.5	710.4	387.7	90.2	101.5	87.6	98.3
12-12-1953 ..	363.4	452.0	356.7	363.8	710.6	387.2	90.3	101.5	87.7	98.3
19-12-1953 ..	367.6	464.9*	355.7	363.5	712.4	390.2*	90.3	101.6	87.8	98.0
26-12-1953 ..	368.8	474.5	357.5	364.1	712.5	392.6	90.3	101.8	88.1	98.0
2-1-1954 ..	377.2	471.4	357:6	364.0	712.2	394.9	90.3	101.8	88 1	97.9
9-1-1954 ..	380.1	480.4	359.9	363.4	709.9	397.4	90.3	101.8	87.8	97.4
16-1-1954 ..	..	..	..		..	..	90.3	101.8	..	..

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

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay	Bombay June 1934 =100	Ahmedabad July 1927= 100	Delhi Delhi†	Bengal Calcutta	U. P. Kanpur	Central Provinces Nagpur	Central Provinces Jubbulpore†	Madras Madras June 1936= 100	E.P. Ludhiana†	Bihar Jamshedpur†	All India†
1939 (Aug.-Dec.)	103	—	—	—	—	196	104	—	106	—	—	—
1946	246	259	209	108	275	328	285	101	235	119	103	106
1947	265	279	219	122	309	378	320	123	272	142	123	120
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	144
1953 January	330	346	260	135	337	454	381	146	327	144	149	139
February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160p	355	148	158	152
August	358	376	285	144	373	469	397	157p	352	149	160	152
September	353	371	283	145	366	464	391	154p	351	150	163	150
October	350	368	282	144	349	457	389	—	352	—	—	147
November	—	361	280	144	339	453	—	—	353	—	—	—
December	—	—	—	—	—	438	—	—	—	—	—	—

† Base 1944=100 p—Provisional.

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED 23-1-1954			16-1-1954			9-1-1954			2-1-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	85-1	83-11	84-6	83- 2	82- 6	82-12	83- 3	82- 1	82-12	82-14	81-13	82- 7
Silver (per100 fine tolas)	161-0	157-9	159-0	155-12	154-10	155-10	156- 2	153- 4	155- 6	153- 6	151-14	152-10

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	16,44	45.10	..
1949-50 ..	597,79	272,59	870,38	34,47	65,85	11.53	426,74	15,35	50.79	..
1950-51 ..	599,13	278,45	877,59	34,68	60,78	10.88	447,03	11,87	52.29	..
1951-52 ..	593,73	290,82	884,55	37,33	57,29	10.70	523,59	22,81	61.77	303,48§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78•	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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
Week Ending										
22-5-1953 ..	530,36	322,99	853,35	31,86	40,86	8.52	470,91	59,85	62.20	300,21
29-5-1953 ..	529,01	322,89	851,90	31,67	39,15	8.31	471,09	60,23	62.37	299,76
5-6-1953 ..	529,54	323,53	853,07	31,78	40,29	8.45	470,36	58,75	62.02	300,23
12-6-1953 ..	521,94	324,15	846,09	32,54	39,83	8.55	469,93	59,79	62.61	312,40
19-6-1953 ..	526,91	324,56	851,47	33,93	39,57	8.63	462,88	58,38	61.22	312,44
26-6-1953 ..	530,26	327,56	857,82	34,63	40,09	8.71	453,23	56,59	59.43	314,03
3-7-1953 ..	531,35	327,62	858,97	33,56	40,11	8.58	452,30	55,97	59.17	313,41
10-7-1953 ..	529,02	328,34	857,36	32,72	39,73	8.45	446,78	53,43	58.34	312,81
17-7-1953 ..	535,68	328,52	864,20	31,39	39,80	8.24	442,59	52,05	57.24	313,70
24-7-1953 ..	535,82	328,31	864,14	30,92	50,53	9.43	438,77	51,22	56.70	315,61
31-7-1953 ..	530,25	328,27	858,52	30,69	44,78	8.79	438,02	51,48	57.02	316,41
7-8-1953 ..	529,97	327,59	857,56	29,44	47,05	8.92	436,59	51,76	56.95	319,05
14-8-1953 ..	522,66	330,10	852,76	29,86	41,12	8.32	431,15	49,53	56.37	323,07
21-8-1953 ..	528,18	328,52	856,70	31,22	44,10	8.79	428,51	48,28	55.65	323,56
28-8-1953 ..	528,21	331,36	859,57	31,73	45,93	9.03	426,53	46,81	55.07	326,88
4-9-1953 ..	528,59	330,56	859,15	31,93	49,11	9.43	428,02	45,87	55.16	327,96
11-9-1953 ..	526,79	330,34	857,13	30,54	48,01	9.16	423,30	44,43	54.51	329,15
18-9-1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42,45	54.45	333,16
25-9-1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2-10-1953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-1953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16-10-1953 ..	520,35	332,92	853,27	30,06	50,34	9.42	420,89	38,62	53.85	336,15
23-10-1953 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	517,78	331,15	848,93	36,47	45,67	9.67	419,02	46,92	54.89	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	..	431,65	50,84	..	329,02
15-1-1954 ..	518,10	328,03	846,13	33,12	41,17	..	..	..	..	324,69

* Undivided India §Average of weeks from November 1951

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52:91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
Week Ending										
27-11-1953	1,096,85	30,19	1,127,04	40,02	568,15	608,17	53.96	97,49	421,38	1,127,04
4-12-1953	1,114,42	11,66	1,126,08	40,02	568,15	608,17	54.01	96,53	421,38	1,126,08
11-12-1953	1,123,20	12,41	1,135,61	40,02	578,15	618,17	54.43	96,06	421,38	1,135,61
18-12-1953	1,121,21	14,61	1,135,83	40,02	578,15	618,17	54.42	96,28	421,38	1,135,83
25-12-1953	1,125,52	10,37	1,135,89	40,02	578,15	618,17	54.42	96,34	421,38	1,135,89
1-1-1954	1,132,15	13,82	1,145,97	40,02	588,15	628,17	54.82	96,42	421,38	1,145,97
8-1-1954	1,154,76	9,65	1,164,40	40,02	608,15	648,17	55.67	94,85	421,38	1,164,40
15-1-1954	1,158,44	15,46	1,173,90	40,02	618,15	658,17	56.07	94,35	421,38	1,173,90
22-1-1954	1,154,84	19,40	1,174,24	40,02	618,15	658,17	56.05	94,69	421,38	1,174,24

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	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	485
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	414
	(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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
Week Ending														
27-11-1953	98,09	24,38	69,82	56,86	249,15	18,46	277,62	30,44	5,00	141,56	1,37	11,01	81,14	7,09
4-12-1953	90,43	22,24	60,79	58,09	231,55	19,11	260,65	11,81	5,36	144,85	1,38	10,93	79,13	7,19
11-12-1953	92,22	19,31	55,76	57,53	224,83	20,36	255,19	12,61	8,97	137,11	2,53	11,06	75,67	7,23
18-12-1953	106,11	18,97	48,69	57,19	230,95	20,84	261,79	14,82	9,65	141,21	1,49	12,61	74,75	7,25
25-12-1953	110,24	18,79	45,99	56,93	231,95	20,45	262,40	10,60	11,35	144,46	1,84	11,83	74,72	7,60
1-1-1954	113,43	19,48	46,70	58,35	237,97	21,79	269,76	14,07	15,26	139,32	1,15	16,05	76,25	7,66
8-1-1954	107,01	15,05	40,05	58,00	220,12	21,69	251,81	9,80	15,78	122,25	1,95	19,02	75,29	7,72
15-1-1954	98,19	21,47	42,53	57,88	220,07	22,47	252,55	15,68	19,60	114,19	1,26	20,11	73,94	7,77
22-1-1954	98,85	21,90	42,10	58,22	221,07	22,32	253,40	19,65	16,62	114,19	72	21,27	72,81	7,83

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

SILVER PRODUCTION

(In metric Tons)

Area	1939	1946	1947	1948	1949	1950	1951	1952
World Total (1) ..	8000	3,900	4,900	5000	4,900	5,500	5,400	5,800
United States ..	1,986.6	656.4	1,200.2	1,220.1	1,086.9	1,316.9	1,241.3	1,239.2
Canada (2) ..	764.7	424.7	418.6	528.5	548.7	722.3	719.3	783.1
Latin America ..	3,514.0	2,164.9	2,577.1	2,514.5	2,292.5	2,374.4	2,343.1	2,609.8
Dollar Countries ..	2,744.0	1,666.0	2,142.9	2,161.4	1,898.7	1,899.7	1,732.9	1,954.6
Bolivia (3) ..	225.2	189.9	193.8	253.2	206.4	204.0	223.1	222.0
Colombia ..	7.5	4.7	3.4	3.4	3.3	3.6	4.0	3.8
Ecuador ..	3.2	7.9	4.2	6.4	8.2	8.5	1.0	2.6
El Salvador ..	3.3	9.1	8.9	6.1	8.7	14.4	11.1	10.8
Honduras ..	139.1	102.1	93.6	96.6	127.5	135.9	125.0	143.2
Mexico ..	2,359.9	1,346.9	1,830.0	1,789.1	1,538.2	1,528.5	1,362.3	1,566.2
All Others ..	5.8	6.3	9.0	6.6	6.4	4.8	6.4	6.0
Other Countries ..	770.0	497.0	434.2	253.1	393.8	474.7	610.2	655.2
Argentina ..	148.4	96.1	75.7	37.4	38.9	35 8	39.0	30.0
Chile ..	36.8	17.3	23.2	26.8	24.9	23.1	30.6	38 8
Peru ..	584.8	383.6	335.3	288.9	330.0	415.8	540.6	586.4
Continental E.P.U. Countries	293.2	74.5	70.1	80.3	175.6	236.5	224.8	—
Franco ..	18.5	16.6	14.8	15.4	17.8	22.4	22.0	—
Germany ..	198.8	—	—	—	93.7	137.6	128.7	—
Greece ..	10.4	1.5	0.5	4.2	3.5	5.1	6.5	—
Italy ..	21.4	9.8	13.8	20.6	19.8	26.5	27.0	32.8
Norway ..	9.2	6.3	7.1	6.7	5.3	5.2	5.1	4.6
Sweden ..	34.9	40.3	33.9	35.4	35.5	39.7	35.6	—
Sterling Countries ..	755.6	351.2	358.6	392.2	388.0	402.9	404.3	445.8
Australia ..	476.5	281.3	296.3	312.8	306.3	332.1	318.6	350.8
Burma ..	191.9	—	—	14.0	7.8	—	8.7	7.8
New Zealand ..	12.1	7.0	6.9	7.2	7.2	6.2	4.1	1.6
Northern Rhodesia ..	2.5	19.1 (4)	2.3 (4)	4.5 (4)	4.2 (4)	5.4 (4)	3.1(4)	9.7 (4)
Southern Rhodesia ..	5.4	3.0	2.9	2.5	2.6	2.7	2.5	2.5
S. W. Africa ..	17.4	—	12.1	12.4	20.5	27.6	27.0	33.1
U. of S. Africa ..	36.8	37.6	35.7	36.4	36.1	35.3	36.2	36.6
All Others ..	13.0	2.7	2.4	2.4	3.3	3.6	4.1	4.0
Rest of the World ..	724.2	237.8	242.1	298.1	369.2	414.5	464.1	499.0
Belgian Congo ..	72.0	157.0	126.2	118.4	141.5	138.7	118.0	141.0
Finland ..	2.0	4 6	5.9	5.2	5.3	3.6	4.9	4.7
Japan ..	357.9	47.7	70.7	93.6	111.7	135.0	170.5	215.9
Korea ..	115.7	9 (5)	2.1 (5)	1.2 (5)	0.6 (5)	—	—	0.2 (5)
Morocco ..	10.5	3.6	11.1	15.2	22.9	34.1	42.3	11.9
Philippines ..	42.2	0.1	0.2	5.7	8.3	8.2	7.8	19.7
Spain ..	9.5	20.8	19.8	10.6	16.1	17.4	24.1	17.1
Yugoslavia ..	72.3	—	36.0	46.8	59.7	74.2	94.3	80.2
All Others ..	42.3	3.1	2.5	1.4	3.1	3 3	2.2	2.4

1. Estimated World Total excluding U.S.S.R., China, Bulgaria, Czechoslovakia, Hungary, Poland and Rumania.
2. Including Newfoundland.
3. Exports
4. Recovery from refinery slimes. The 1946 figure includes an accumulation from the war years.
5. South Korea only.

Source: International Financial Statistics.

MONTHLY STATISTICS
(Monthly Averages or Calendar Months)

	1951	1952	1953 May	June	July	August	Sept.	Oct.
I Foreign Trade								
i By Land, Sea & Air—								
Imports (Rs. lakhs) ..	71,18	66,80	56,06	51,37	51,66	50,01	..	..
Exports (Rs. lakhs) ..	65,30	51,58	40,97	40,08	41,00	40,09	..	..
ii Unit Value Index—								
(1948-49=100)								
Imports ..	128	130	120	121	111	111	..	..
Exports ..	160	131	111	113	110	113	..	..
iii Quantum Index—								
(1948-49=100)								
Imports ..	108	105	99	88	94	92	..	..
Exports ..	114	106	101	98	102	96	..	..
II Industrial Production								
i Cotton Cloth (Million yards) ..	340	383	422	414	435	421	407	409
ii Cotton Yarn (Million lbs) ..	109	121	124	125	133	130	129	129
iii Jute Manufactures (000 tons) ..	73	79	73	73	78	68	73	67
iv Steel (Ingots & Castings) (000 tons) ..	125	132	125	115	104	100	103	..
v Paper and paper boards (tons) ..	10,993	11,459	11,013	10,603	13,241	12,400	14,443	..
vi Sulphuric Acid (000 cwts) ..	178	160	170	154	174	165	163	..
Index of Industrial production (1946=100) ..	117	129	131	132	135	131	137	..
III Fuel and Power								
i Coal Production (000 tons) ..	2,859	3,019	3,195	2,911	2,753	2,746	2,971	2,936
ii Coal Despatches (000 ton) ..	2,426	2,625	2,585	2,441	2,513	2,506	2,576	2,703
iii Electricity Generated (Million kwh) ..	488	510	560	549	588	588	576	..
iv Electricity Sold (Million kwh) ..	397	420	456	450	471	469	464	..
IV Industrial Disputes: Number of man days lost (000) ..	318	278	276	252	131	2 5	453	..
V Employment Exchanges:								
i Number on register at the end of the period (000) ..	329	438	466	474	493	499	512	515
ii Number of vacancies outstanding at the end of the period (000) ..	22	23	24	23	18	17	18	20
VI Inland Transport:								
Railway Freight Ton Miles (Millions) ..	2,336	2,372	..	..	..	..	..	..
ii No. of Wagons loaded ..	569	584	571	521	538	540	543	557
VII Public Finance: (Central Govt.)								
i Revenue Receipts (Rs. Lakhs) ..	43,86	38,72	27,57	37,92	29,44	39,78	..	..
ii Import Duties (,,) ..	18,50	15,86	12,41	12,27	..	..	..	..
iii Export Duties (,,) ..	6,84	4,86	2,74	2,75	..	..	..	..
iv Central Excise (,,) ..	7,66	5,75	8,76	7,91	..	..	..	..
v Expenditure on (,,) Revenue Account ..	20,57	23,69	11,78	10,63	15,46	11,29	..	..
vi Cash Balances with Reserve Bank (Rs. Crores) * ..	210	175	103	130	108	134	137	109

* Last Friday Figures.

PROGRESS OF INVESTMENT ON INDUSTRIAL PROJECTS IN THE PUBLIC SECTOR

(Lakhs of Rupees)

Projects	1951-52 Actual	1952-53 Revised	1953-54 Budget	1951-56 Total
I. Central Government				
1. Pig Iron Project	..	10.00	10.00	30,00.0
2. Hindustan Shipyard Ltd. (1)	2.32.05	3,28.56(2)	2,32.00(2)	14,08.0
3. Machine Tool Factory, Jalahalli	2.28	1,19.00	1,43.50	9,63.0
4. Sindri Fertiliser Factory	2,74.62	..	..	9,03.0
5. Chittaranjan Locomotive Factory	2,36.00	1,10.00	9.00	3,55.0(4)
6. Railway Coach Factory	4.00	74.00	1,30.00	4,68.0
7. Penicillin Factory, Pimpri	2.08	22.50	64.00	2,07.0(5)
8. National Instruments Factory, Calcutta	6.66	10.00	39.00	1,82.0
9. Indian Telephone Industries	65.00	33.00	82.00	1,30.0
10. Hindustan Cables Ltd., Rupnarainpur	1.30	33.00	70.00	1,29.7
11. Development of Mandi Mines	..	2.25	1.00	1,00.0
12. Development of Existing Salt Works	4.42	5.00	8.00	50.0
13. Rare Earth Factory	30.00	10.00	..	40.0(6)
14. D. D. T. Factory, Delhi	..	10.00	7.45	39.1(7)
15. Housing Factory, Delhi	12.91	4.55	2.00	19.5
16. Heavy Electrical Power Plant	..	..	10.00	7,00.0
17. New Mint, Alipore (8)	18.11	13.01	12.22	43.2
18. Silver Refinery, Alipore (8)	0.26	8.30	7.94	46.8
19. Nasik Printing Press	6.82	8.20	7.85	1,02.3
20. Manufacture of Stamp Cancelling and Printing Ink	2.00	..	..	5.8
21. Photogravure Project	0.50	..	2.69	4.0
TOTAL	8,99.01	8,01.37	8,38.65	88,89.5
II. State Government—				
1. Mysore Iron & Steel Works	40.08	80.00(9)	1,00.00	2,83.0
2. U.P. Government Cement Factory	43.14	73.68	1,25.00	2,30.5
3. U.P. Precision Instruments Factory	10.13	6.29	7.49	50.2
4. N.E.P.A. Mills	50.33	47.00	1,30.00	2,00.0
5. Sirsik Ltd. (10)	65.57	51.43	..	2,00.0
6. Sirpur Paper Mills (10)	N.A.	N.A.	N.A.	60.0
7. Bihar Government Superphosphate Factory	40.00	23.09	26.15	41.1
8. Other Projects (11)	1,38.4	25.00	32.00	30.0
TOTAL	2,63.09	3,06.49	4,20.64	10,94.8
GRAND TOTAL	11,62.10	11,07.86	12,59.29	99,84.3

NOTES: (a) Industrial schemes and projects under the Defence Ministry, including the Hindustan Aircraft Ltd., Machine Tool Prototype Factory and Radar and Wireless Equipment Project, are not considered here. (b) Projects Nos. 4, 5, 9, 13, 17, 19 and 21 went into production during 1951-52.

(1) Recoveries by sale of ships built at Vizag were of the order of Rs. 88.00 lakhs in 1951-52, Rs. 2,96.56 lakhs in 1952-53; they are not deducted from the total investments.

(2) This includes a loan of Rs. 28.0 lakhs for the purchase of Vizag built ships and a subsidy of Rs. 1,10.6 lakhs.

(3) This includes a loan of Rs. 52.0 lakhs for the purchase of Vizag built ships and a subsidy of Rs. 80.0 lakhs.

(4) Investment up to 1950-51 was of the order of Rs. 11,18.0 lakhs.

(5) Including Rs. 57.0 lakhs from W.H.O. and U.N.I.C.E.F.

(6) Excluding an investment of Rs. 50.0 lakhs in 1950-51.

(7) Including 350,000 dollars from W.H.O. and U.N.I.C.E.F.

(8) Excluding the "Charges in England (Stores)" amounting to Rs. 11.33 lakhs in 1952-53, Rs. 30.21 lakhs in 1953-54.

(9) Of which, investment of Rs. 40.0 lakhs has not been finally decided upon.

(10) The projects are to be associated with the private enterprise (Birla Brothers) shortly.

(11) Including the Travancore-Cochin's Ceramic and Porcelain Factory and the Mysore State's Projects, including Porcelain Factory, Soap Factory, Silk Weaving Factory, Implements Factory, Electric Factory, Electric Meters Projects, Fruit Canning and Kankanhali Silk Filature Project.

Source: Industrial Policy and Planning.

HUKUMCHAND JUTE MILLS, LIMITED.

(ESTD. 1919)

HAZINAGAR, NAIHATI (E. RY.), WEST BENGAL

★

Manufacturers of

HIGH CLASS HESSIAN, SACKING, CANVAS, TENTS, TWINE, WEBBING, WOOLLEN BLANKETS, ETC., ETC.

★

Managing Agents :

RAMDUTT RAMKISSENDASS

Head Office:

9, Brabourne Road, CALCUTTA-1

Telephones : BANK 3195 (3 Lines) *Telegrams :* 'JUTIFICIO' Cal.

THE EASTERN ECONOMIST
PUBLICATIONS

		PRICE Rs.	As.	Ps.
1.	The Economic Progress of Russia, 1860-1948 by E. P. W. da Costa ..	1	8	0
2.	India's Foreign Trade: Part I by L. K. Jha	1	8	0
3.	India's Foreign Trade: Part II by L. K. Jha	1	0	0
4.	The Welfare State by T. W. Kent	1	0	0
5.	Foreign Capital in India by Taya Zinkin	1	8	0
6.	Industrial Labour in India by Dr. N. Das	1	0	0
7.	Japan's Post-War Industrial Recovery by Sherwood Fine	1	8	0
8.	Radical Humanism by M. N. Roy	1	8	0
9.	What Goes on in the U.S.S.R.? by "Odysseus"	1	4	0
10.	Communism and India by Philip Spratt	1	8	0
11.	India and The Free World	0	8	0
12.	India's Food Problem by P. A. Gopalakrishnan	1	4	0
13.	A Programme of National Education for India by Humayun Kabir ..	0	8	0
14.	Deficit Financing, Capital Formation and Price Behaviour in an Under-Developed Economy by V. K. R. V. Rao	1	8	0
15.	Men Without Work by Dr. N. Das	1	0	0
16.	Sea Power in the Indian Ocean by C. S. Venkatachar	0	8	0

ANNUAL NUMBERS

1.	India 1900-1950 and India in 1949	5	0	0
2.	India and the World and India in 1950	5	0	0
3.	"A Social History of the Indian People" and India in 1951	5	0	0
4.	"India and the Free World" and India in 1952	5	0	0
5.	"India in Asia" and India in 1953	5	0	0

The Eastern Economist makes a special offer

(a) Any set of publications of value Rs. 6 can be had for Rs. 5.

(b) Any set of publications of value Rs. 10 can be had for Rs. 8.

POSTAGE EXTRA

Special Enquries to:-

The Manager

The Eastern Economist Ltd.

52, Queensway, New Delhi

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

SECRETARIAT LIBRARY 1954 MADRAS GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 6 NEW DELHI: FEBRUARY 5, 1954. ONE RUPEE

CONTENTS

Page

LEADING ARTICLES:

REPUBLICAN RECIPE 193
THE RANDALL REPORT 195
COLLEGES AFTER INDEPENDENCE .. 196

THE WEEK'S NOTES 197

Recession—The Great Debate; Agreement on Kashmir Accession; Objectionable Matters in the Press Act; Adult Franchise for Malaya; Administrative Efficiency—The Endless Quest; Progress of Anthropological Work.

WORLDGRAM AND NEWS IN BRIEF .. 199

A WINDOW ON THE WORLD
Odysseus on "Magic for Modern Times" .. 203

BOOK REVIEWS 205

Page

SPECIAL ARTICLES:

THE WELFARE OF INDIGENOUS PEOPLES 209
CRISIS TIME FOR SUGAR 210

THE BUSINESS WORLD:

Outlook for Dollar Prices 212
The State of Road Transport 212

BUSINESS NOTES 214

Export of Raw Wool; Cement Prices; Development Council for Bicycles; Private Requirements of Capital; Protection for Sheet Glass; Manufacture of Railway Coaches; Freight Market; Industrial Disputes in November; Movable Properties of Displaced Persons.

COMPANY AFFAIRS 219
COMMODITY NEWS AND NOTES 220
CURRENT STATISTICS 221

Republican Recipe

THE new year has begun in the United States with a spate of Presidential messages intended to clarify Republican policy. Normally speaking, these Presidential pronouncements on local issues in American politics, on the Benson plan for farm-support, the revision of Taft-Hartley, and the recommendations on housing and health for example, and even the budget message itself should be of little interest outside the American orbit. But the world, or rather the free world, is rapidly becoming integrated. As every year passes, the state of the American economy becomes more and more important to the rest of the world. Indeed, it can fairly be said that to some countries, American issues, as affecting the United States national income, are even more important than their own domestic economic policies.

The economic situation at the present time is however not simple. Every financier in a modern State has faced the problem of deciding whether he is going to budget for a recession or an inflation. The condition of the United States economy at the present time conspicuously illustrates this fact; and budget makers, planning well in advance of events, have to make up their minds and to take a stand regarding the future trend of events—always a task of some difficulty. Moreover, Republicans have had to make their decision in the knowledge that dire forecasts of the cumulated effects of a downturn have been made.

It is true that the major prophecy now seems to have been retracted—Mr. Colin Clark now thinks that this year's American recession will be of the order of that which the sterling area survived about five years ago, and that it will not be like the 1929 depression. This widely-advertised prophecy thus merely confirms now the general expectation that the downturn, if any, will be within the limits of five and ten per cent.

The forecasts have been confusing, nevertheless. Goldberger and Klein, it is to be remembered, put the order of the recession at only 3 to 4 per cent. Woytinsky has been even optimistic. Although employment will fall, the national income, according to him, is expected to reach a level of $385 to 390 billions, which would be well in line with the long-term trend of the American national income which has been predicted by the late Democratic Chairman of the Council of Economic Advisers.

The estimates are distinctly less discouraging now than they seemed to be some time ago. But nevertheless, as guides for action they cancel out; and the diffi-

cult question of what momentum, if any, is to be given to the American economy has had to be solved within the Treasury itself, with such advice as it can get from the now-liberated Federal Reserve System.

It is against this general background that the recent farm policy message, which proposes to go back to the 1948 and 1949 legislation, and to modernise parity, to reduce supports, and to make the support flexible, depending on the crops, must be understood. The Randall Commission's report, which would end economic aid, liberalise imports into the United States, and remove the unnecessary restraints on East-West trade in other than strategic materials, is also in line with this policy of withdrawal from a planned control of the economic system—with its concomitant of big government. Monetary policy is also now in line. Within the limits of practicability, the Treasury is now to suit its borrowing to the market and adjust it to the judgment of the federal system, rather than to seek the initiative and direction. The encouragement of private foreign investment abroad, recommended in the Randall report, and the attitude to sterling convertibility, which briefly is that the United States can help the process, but not hold itself responsible for bringing it about, are likewise merely the result of applying, in the sphere of foreign economic policy, the philosophy in which the Republicans believe.

This is not clearly a policy for a depression. Indeed, the administration has not pressed for the repeal of the automatic increase in the social security tax, which took effect from the beginning of the year; and although the lapse of the increases in individual income taxes and of the excess profits tax are now faits accompli, the tax laws, which expire at the end of March, are intended to be re-enacted—which is not quite what some of the gloomier forecasters would have recommended. The Republican proposals do not envisage a serious recession or a depression. On the other hand, they look much more like a policy for the chronic American problem of big government.

In case there is a mild downturn, which is quite different from a depression, (and in this context it might be relevant to remember that the present Chairman of the Council of Economic Advisers thinks that but for the advertisement which it had, the 1949 recession might not have been noticed) there are proposals, however, in the President's economic message which are intended to halt this recession before it becomes dangerous by cumulation. There is reiteration of the role of monetary policy, and of the determination to effect such reductions in taxation and to promote such public works as may be needed in order to arrest decline in the national income. How far these remedies may be adequate in the event of a serious downturn may be debatable. But if the prospect in store is not a depression, but only a mild downturn, the situation will be entirely within control; in that case, a depression psychology, against which any remedies which government might propose are useless, would be no longer at work. Only minor corrections will be needed; and appropriate changes in the short-term in such policies, consistent with the long-term pursuit of the traditional Republican objectives, might be quite adequate.

Some of the more specific proposals of the economic message are intended to make this assurance regarding the future even more certain. The extension of insurance against unemployment to an additional 6.5 million men, extension of social security to 10 million additional persons, and the increases in the social security benefits, which have been proposed, can all be defended on their own merits. But obviously, these proposals have anti-depression implications also—to make them all the more welcome. The reinsurance arrangements in connection with public health, the proposed insurance of long-term mortgage loans, slum clearance, and the development and maintenance or even an increase of the expenditure on highways have also been recommended in recent messages. They will be further props to the economy in the coming year.

There is thus a programme. Residually, however, the Republicans rely on private enterprise to take care of the economy; and as an earnest of their faith, the budget message has proposed tax reliefs, like the liberalisation of the conditions for carrying back losses or for depreciating investment. In the conditions which the Council of Economic Advisers anticipates in 1954, there will be no need for panicky action, and private enterprise is to be trusted to maintain the level of the national income.

As an economic policy at home and abroad these proposals have obviously been conceived as one whole. Whether they are as adequate for the times (from the point of view of the rest of the world) as the administration obviously regards them to be for the United States might be debatable, perhaps, in the opinion of some persons and countries. Even a five per cent recession, as has been pointed out, might, for example, go a very long way; and this may well impair the position of the sterling area. Prima facie, therefore, the British Treasury has still need to worry—the more especially because the doctrine of non-discrimination as a general line of policy stays put.

Here, the remedies which the Republican proposals apparently offer are a renewal of faith in a multi-lateral free-enterprise system. After all, if a major economic depression in the United States is not anticipated, the worst that the sterling area will have to face will be a small-scale crisis, like any one of those which the sterling area has managed to survive in the post-war period at intervals of every two years or so. There is no reason, however, to anticipate that the crisis will be prolonged or that it will be disastrous, just as there is no reason to anticipate that the American depression will prove to be embarrassing at home.

There are built-in stabilisers in the English economy, as there are in the United States. Moreover, in the event of a sterling crisis at any time in the future, the wider use of the temporary facilities offered by the International Monetary Fund is not only possible, but, as far as one may read between the lines of various recent pronouncements, may positively be encouraged. Increased trade within the sterling area and Western Europe as a crisis measure, or ad hoc remedies to the situation which actually confronts sterling, may also be considered as residual measures—to be examined later, if necessary at all.

The recent declarations of policy on both sides of the Atlantic, taken together, certainly imply that the sterling area's problems in the event of an American downturn may be more complex than those of the United States itself. But there is no reason at all why they should be intractable. There are off-shore purchases, Russian gold-sales, and the promise of help from established institutions, to help out in the event of a crisis. All the prophets of gloom may well be discredited.

On the whole, therefore, there is every reason to be confident and cheerful. After all, the forecast of a national income of $390 billions in the United States in 1954 may still turn out to be right. In that case, what the Republican party now seeks actually to achieve with its proposals, namely, the freer flow of trade, and the rehabilitation of the spirit of enterprise, may be just the things which the world as a whole now needs. The cheerful and optimistic undertone of the many messages which have announced or re-shaped the policy of the United States in recent weeks should not, in short, be missed.

The Randall Report

WITH the release of the main body of the Randall commission's report, the initiative in foreign economic policy has now been passed back from the legislative to the executive branch of the United States Government. The decisions which will be taken on the basis of this report rather than this report itself are, therefore, of interest at this stage. The latest message from White House to the Congress, transmitting the report of the Council of Economic Advisers, contains, no doubt, reassuring statements intended, perhaps, for the rest of the world. The trade policy of the United States, it has been realised, has been debated from year to year; and other nations have entertained doubts regarding its continuity. It is intended that trade policy and customs administration should provide instead "a sense of continuity, stability, and forward movement to the rest of the world". If this aspiration is at all to be realised, the political background of the report must, however, be appreciated; and the hard realities of the existing situation must be assessed.

The reaction to the report, barring polite comment, has not been favourable. It has reflected the disappointments of many who hoped that with just a few more steps left in order to reach the goal of convertibility, American policy would be much more positively helpful than in fact it has been. There has been little justification, however, for this latter hope. The conflict of opinion in a democracy which is as vital as is that of the United States, and the difficulties of the American constitution, which have been underlined by such writers as Edward Corwin, have not disappeared; and the fact that reports such as that former ambassador Douglas do not influence very much the course of events should by now be clear. It must be recognised much more widely than it apparently is that policy has to be framed in the United States against the background of local issues and programmes. Some effort should, therefore, be made to assess the worth of the Randall report in correct perspective.

Once this effort is made, some of the compulsions of the situation can be appreciated. The present administration in the United States is not only committed to a long-term reduction in the size of the federal budget, but is also under the necessity of making its practice conform immediately to its theory. An increase in taxation is not favoured by the administration itself, while an increase in the debt will be illegal, in view of the existing limits for the federal debt, which Congress has so far been quite unwilling to change. A trade policy for the United States which is based on the continuance of foreign aid 'a outrance' would, therefore, hardly fit into the general scheme of Republican policy. If the Randall commission had recommended this aid, as other commissions before it have done, its report might have become, already within the period which has elapsed since it was submitted, one of those well-meant, but academic documents, setting out the ideal to be attained, rather than the reality to be worked for, and, if necessary, to be fought for. It is a virtue rather than a defect of the Randall commission's report that it is severely and even disappointingly practical.

The remedies which it offers to the rest of the world in order to overcome the dollar shortage are mainly three. One is that the trade and customs policy of the United States should be liberalised as much as is at all practicable in the circumstances of today, and that the meaningless restraint on East-West trade should disappear. Another remedy is to ease the conditions on which stand-by credit can be made available from existing institutions. A third recommendation, which is offered for what it is worth, is that American private foreign investment in the rest of the world must be encouraged, by means of such action as it is possible for the United States to take. It is possible to think, even if one is disappointed that the Randall commission has not taken convertibility a stage further, or proposed a sure-cure for a possible American depression, that these recommendations which it has in fact made are of some value.

It has been fashionable recently to belittle the effects of trade liberalisation in the United States. The peril point and escape clauses are, for example, very much there. They are to continue according to the Randall report; and the Piquet report has demonstrated on an earlier occasion that the quantitative effects, by way of larger imports into the United States from the rest of the world, will not be appreciable in the event of trade liberalisation in the United States.

To these arguments, however, there are, at the moment at any rate, some adequate answers. The action actually taken on the applications made under the escape clause shows that the practice of the United States may be much more liberal than its theory. The annual growth of the United States economy also shows that it is possible to look forward to the future for the really appreciable gains from trade liberalisation. Even otherwise, the economic growth of the rest of the world, and the demonstrated rate of growth in the United States national income must, together, enlarge the gains to the rest of the world from a liberalisation and simplification of United States trade policy. The pessimistic estimates of the Piquet report cannot, therefore, be valid through time, if indeed they are valid now.

On a little reflection, it is possible also to see that the other two recommendations are likely to be more helpful than seems possible at first sight. In its statement to the Randall commission, the Fund had referred to the size of its resources, largely unutilised; it had also entered the caveat at the same time that in the event of a serious recession or convertibility, a temporary increase in its resources would be necessary. The Randall commission's recommendation that aid should be given from the Federal Reserve System must be considered in this context; and so considered, it can be regarded as fairly satisfactory. The tax concessions in order to help American foreign investment abroad, which have been announced in the recent budget, are at the same time evidence of the desire to help, in ways in which Republicans believe; after all, in spite of so much that has been said for official rather than private investment, an increase in the latter type of investment, if it materialises, will hardly be unwelcome.

The important question at the moment is thus not how adequate the report is, but how far it will be implemented. All in all, the Randall report, on second thoughts, is not really so unimportant, or vague, or inconsistent as it may at first appear to be. It is a hard-headed document, intended unlike some other recent reports to shape immediate policy. That it goes pretty far, though not as far as was hoped, must be obvious from the opposition, both within and without the commission, which is now becoming increasingly evident. If the Republican administration withstands opposition and is successful in resisting attempts to whittle down the present recommendations, it may yet be able to make a contribution towards increasing trade and prosperity throughout the world.

Colleges After Independence

THE expansion of higher education in this country has proceeded since independence at a pace which has certainly surpassed expectations and precisely because of such a rate of development attempts to cope with the dimensions of the problem have proved utterly inadequate. The process of expansion could not have pursued the course it did without prior expansion at the secondary stage. In fact, education at all levels, and higher education in particular, has been spreading on a substantial scale for some years past, but the awakening of a new consciousness and the impact of new aspirations aroused by independence have given a powerful impetus to the growth for which the resources provided in money as well as the teaching staff are certainly not equal.

This phenomenon could not allow a sense of complacency to be created and quite reasonably it has proved to be a source of considerable concern. Expressions of views freely ventilated by leading educationists do not conceal the disappointment at the drift which the course of the development of higher education is allowed to take. The emphasis which liberal, non-professional education at the higher levels has always received in the past continues to be the primary preoccupation even now. Attempts to give a practical and technical bias to the system have a long way to go. Even in the sphere of general education disproportion persists. What is deprecated in this sphere is the decline of humanities which must be recouped in reasonable proportion. There have been repeated pronouncements of a new policy to rectify the imbalance to adjust the educational system to a new order of life. Their sincerity need not be questioned. But what surely needs to be questioned seriously is whether there has been enough and real planning to put that policy into action.

One striking feature of the development of higher education in the post-independence period is an increase of about 50 per cent in the total number of universities to 30. The trend of development has predominantly followed a regional bias of which four new universities in Bombay State and one each in Bihar and Jammu and Kashmir States are typical representations. Regionalism is not essentially a trend to be regretted and there is much to be argued in its behalf on merit. It has made for compact universities committed to specialisation in certain selected faculties and in any event the unwieldy jurisdiction of the former Bombay and Calcutta universities was overdue for readjustment for a number of years past. The criticism against easy multiplication of universities relates in fact even to the earlier period since inadequate attention was paid to the basic factors of finance and teaching staff. This disregard has brought its penalty in the form of a positive deterioration in the standards of the universities. Future expansion must pay proper heed to the University Education Commission's dictum against the grant of a final charter to a new university unless rigid tests of financial soundness and quality of teaching staff are fully satisfied.

Information on the statistical growth of arts and science colleges as also of the number of students on their roll is far from complete. But on the basis of such information as is released by official sources, an utterly gross disparity between the increase in the number of colleges and the number of students is disclosed in the five years between 1947-48 and 1951-52. The increase of over six per cent in the number of colleges in the latter year to 488 has been tremendously outpaced by an increase of 76 per cent in the number of students to 323,682. No estimate of the increase in the teaching staff is available, but it is undeniably very low. The resulting evils of excessive crowding of students in the higher educational institutions have been nominally mitigated by the technique of the shift system and they are exhibited at their worst in the standards of education. Invariably in each university the same saddening story of falling standards has been repeated. The legacy of the lure of college education predominantly for clerical and higher jobs needs to be destroyed, but the way to its destruction cannot be sought through artificial and arbitrary restraints on admission. Such restraints are definitely repugnant to the democratic principle of equality of opportunity as also to the sound growth of a healthy system of education. Aspirations of young men for careers need to be diverted to other gainful channels and this is essentially the function of a diversification of the avenues of employment in industry, business, agriculture and the social services—in effect, of economic development in every direction.

Still another cause of the decline of university education is to be found in a tragic source—the financial plight of teachers. The quinquennial report on education for 1947-48 to 1951-52 brought out by the Union Ministry of Education comes to some very startling conclusions about the salaries of university and college teachers. Estimates for 1951-52 reveal that 30 per cent of the teachers came within the salary group of Rs. 100 to 150 per month, 22 per cent within the group of Rs. 151 to Rs. 250, 24 per cent within the group of Rs. 251 to Rs. 450, 6 per cent within the group of Rs. 451 to Rs. 650, 17 per cent in the group immediately above up to Rs. 1,000, while merely 1 per cent were privileged to receive salaries in excess of Rs. 1,000 per month. The University Grants Commission's latest directive for a minimum salary of Rs. 250 to teachers at the lowest rung is unlikely to alter this situation since a majority of them employed in the affiliated colleges are outside the Commission's jurisdiction. With at least 52 per cent of the teachers doomed to utterly inadequate salaries, the chances of attracting talent to this nation-building profession are bleak and it is hardly surprising if frustration elsewhere determines the choice of some for it.

The total expenditure on education at all levels from all sources has doubled in the five years following independence and this trend has been reflected also in the growth of direct expenditure on universities and colleges from Rs. 6 crores to Rs. 13.25 crores. But since the base year represents a situation of financial starvation the whole comparison becomes meaningless. Most of the universities are struggling on the margin and some had their solvency thrown into jeopardy.

The picture of the growth of higher education in statistical terms inevitably tends to divert attention from its genuine aspect. The goal and policy of education still remain to be remodelled to suit the needs of a free country. There is general consensus that the content of education must be changed to draw it closer to the culture of the country, while the process of transmitting the cultural and scientific advances of the West is proceeding. But it has not been translated in a new policy. This synthesis cannot be deferred long. Meanwhile, obsession with the change of medium of instruction at the university level threatens to clog the wheels of progress. Medium is subordinate to instruction and the impatience for the substitution of English by Indian languages must be restrained.

THE WEEK'S NOTES

RECESSION—THE GREAT DEBATE

The political debates in the United States, which were revived with vigour after the Brownell episode have for the moment been overshadowed by the greater debate on the nature of the American recession. Mr. Colin Clark, whose articles in the "Manchester Guardian" provoked a controversy, was present in person last week in the crowded Astor Hotel ballrooms to debate with Dr. W. S. Woytinsky, Director of Research of the Twentieth Century Fund. The outcome has been regarded as a satisfactory one. Mr. Clark's predictions two months ago looked dismal and it was not surprising that, in the eyes of American business men and economists, he should have appeared only less objectionable than the Soviet prophet of capitalist doom—Prof. Varga. At the meeting of the National Industrial Conference Board in New York, Mr. Colin Clark has modified his earlier assessment by stating that he expected a fairly serious decline with unemployment of the order of 1949 recession, not a major economic slump.

Mr. Clark now expects the U.S. downturn to last longer than in 1949 and believes that unless Government takes early action, the contraction in activity may be sharper. He has recommended large budget deficits in the next eighteen months, by deliberate reduction in taxes to create consumer spending power, at the rate of two billion dollars a month during the worst months that lie ahead. The possibility exists, according to him, of a big housing boom which would break the deflationary chain reaction. But that could only follow the decline in the relatively high construction costs which will not occur until the recession has proceeded some extent. The necessity, meanwhile, to bolster up business morale should compel budget deficits. But American economists, who do not share these fears fully, are reported to be of the view that doing too much and too early can prove as bad as doing too little and too late.

The issue has not been discussed decisively at this battle of econometricians armed with their equations. There has been uneven armour; Mr. Colin Clark's set of six equations were fewer than those of others. (Dr. Lawrence Klein uses 21 basic equations and Dr. Tinbergen 45.) Dr. Woytinsky employed a system of measuring by economic indicators. But remembering that when a pistol misses fire the butt end can be good enough, Mr. Arthur Summerfield, Post-master General of the U.S.A., denounced, at the dinner session of the same conference, the "economic jeremiads and professional demagogues who are trying to talk this country into a depression so as to further their own poiltical ends". Its moral is that recession talk can itself initiate a deflationary chain and should be avoided.

AGREEMENT ON KASHMIR ACCESSION

The talks in New Delhi on the implementation of the terms of the Delhi Agreement by Kashmir have been carried on in an atmosphere free from the constant insistence on autonomy in which the former Kashmir Prime Minister had indulged. The outcome has been full agreement on the specific steps to be taken now, which will not in any way impair or abridge the autonomy conceded to Kashmir under the old Delhi Agreement. The two major issues relate to the removal of the customs barrier in Kashmir and the extension of the jurisdiction of the Supreme Court of India to Kashmir. The customs barrier is expected to be lifted in the middle of April next, making all imported goods sold in Kashmir cheaper than hitherto. The State Government will be compensated for the loss of its customs revenue and of the right to levy income and excise taxes. Till now it was not the compensation but the maintenance of the right to tax as a feature of Kashmir autonomy that had stood in the way of agreement being reached on the questions of financial integration raised at the time of the Delhi Agreement.

The extension of the Supreme Court's jurisdiction necessarily involves the State's accession to the Fundamental Rights. Previously, the refusal of the Kashmir Government to countenance any judicial interference in the land reforms was urged as the reason for not acceding on Fundamental Rights. The agreement now reached is reported to have found a satisfactory formula for saving land reforms and certain special powers exercised in the State for security reasons. With the abolition of the board of judicial advisers in Kashmir, the Supreme Court will become the final court of appeal in civil and criminal cases. The President's prerogative powers of reprieve will also extend to Kashmir; his emergency powers, however, have to be exercised only on the advice of the State Government as provided in the Delhi Agreement. The actual terms of this earlier agreement have not been altered. The actual constitutional changes can be effected only through an order of the President under Article 370 but this requires the prior approval of the Kashmir Constituent Assembly, which is expected to meet soon to signify its approval. The position has not changed fundamentally since Sheikh Abdullah negotiated the Delhi Agreement; it has taken more than a year to get over the ex-Premier's subsequent attempts to resile from his undertaking.

OBJECTIONABLE MATTERS IN THE PRESS ACT

An Ordinance has been issued, as expected all along, to extend the life of the Press (Objectionable Matter) Act by two years from February 1, 1954, the date on which it was due to expire. The major objection to this step is the frequency with which the Executive has resorted to the issue of Ordinance as instrument of legislation. There is no excuse for the Home Ministry's failure to get the Bill introduced in Parliament in sufficient time to have it enacted well before the date of the expiry of the Act. The circumstances in which the Press Act was passed in 1951, should particularly have enjoined greater caution in this matter. The Act was then carried through in the face of severe opposition and ultimately it was the clause which limited its life to two years that reconciled many of its critics to agree to the measure. A routine extension of that life through an Ordinance is, therefore, doubly objectionable.

The two main changes which have now been made in the Press Act are retrograde. In this respect, it is in contrast to the progressive liberalisation of the provisions of the Preventive Detention Act on each occasion on which its life has been extended. The wide powers of the special jury in deciding questions under the Act—about the objectionable character of writings, the necessity for demanding or ordering forfeiture of security and the quantum of security—were cited as safeguards at the time of the original Act. All these powers will disappear. The position will now be that the jury can only decide whether a particular type of matter is objectionable or not, leaving the rest to the Sessions Judge. Moreover, if the Judge and jury in a Sessions Court gave their verdict against the State and in favour of the respondent, there was an end of the matter. The amendments now made would enable the Government to pursue the matter in appeal, adding to

the difficulties of the Press in defending its freedom of expression.

ADULT FRANCHISE FOR MALAYA

The report of the committee appointed by the High Commissioner for the Federation of Malaya to examine the question of elections to the Federal Legislative Council and the constitutional changes in the Federal Government arising therefrom has just been published in Malaya. The committee was a widely representative body and the following are the main points in the committee's report:

The present Legislative Council of the Federation should not be replaced immediately by an entirely elected council. The committee thinks that, as in similar circumstances elsewhere, the transition should be more gradual; and though it has not been possible to reach complete agreement as to the precise number of nominated members who should remain during the period of transition towards an entirely elected council, a considerable area of common ground has emerged and the committee as a whole recommends the retention of a substantial nominated element during this period. While recognising that the ultimate object must be a fully elected legislature, the committee considers that development and experience in the country has not yet reached the stage when all aspects of the political and economic life of the community would be adequately represented through the electoral process.

It is recommended that the council should have a maximum life of four years but that the High Commissioner should be entitled to dissolve it at any time whereupon all seats would become vacant. It is felt that this power of dissolution is necessary if an effective parliamentary system is to be developed. The committee unanimously agrees that all Federal citizens, provided they comply with the necessary residential requirements, should be eligible to vote at the national elections and recommends that voters should be aged 21 years or over, reckoned in accordance with the Gregorian calendar, and that women should enjoy the vote equally with men.

No claim is made that the pace of constitutional advance envisaged in the report is not too modest. It is not wholly undesirable that the progress in the conditions existing in Malaya should be gradual. The committee has rightly rejected communal electorates as they may tend to accentuate the separatist tendencies among the non-Malay racial groups.

ADMINISTRATIVE EFFICIENCY—THE ENDLESS QUEST

The search for a talisman for administrative efficiency is still on. The latest step taken in this connection is the deputation another senior official to study and report on the scope for the overhauling of existing rules and procedure. One more report will thus be added to the *many others already* on the shelves. Perhaps, these reports do not overlap as much as is generally imagined. The Gopalaswami Ayyangar report was concerned with the organisation of the Secretariat and the demarcation of responsibility. The Gorwala report dealt with the general principles to be observed in toning up the administration and the Appleby report approached the same questions from a different angle. The object now is more down-to-earth. The changes required in the procedural rules of business are to be examined and once specific suggestions are made, the bureaucratic passion for amendment of rules may be trusted to do the rest of the work of implementing them. Whether they will actually simplify the rules and the work is more than can be predicted.

It is stated that once the Centre has reformed itself, the States may be expected to follow suit. That belief proceeds on the assumption that the Centre is always ahead of the States in administrative efficiency. Actually, the administrators in many States are less constricted by coils of red tape than the Central Departments, if only for the reason that they have to deal more directly with the people and cannot always afford the leisurely ways of the Central Departments. If there had been a constant interchange of officers with the States and a freer circulation of personnel from the district levels to the Centre, the present arteriosclerosis of the Central Departments could have been cured. The required amendments to the rules would have come in the natural course. It is *hardly possible* that any single officer, however experienced, will be able to foresee the needs of every department in all its transactions to determine what is best for each in a short period. The present step is significant only as the manifestation of the discontent over the existing state of affairs.

There is sufficient reason for dissatisfaction with the nature of recruitment of personnel for Central services and with the system of promotion. The Public Service Commission has the final voice, but it has not earned public confidence in the manner in which the judiciary has earned a reputation for competence and impartiality. Especially in the matter of promotions, the Commission's tests are apt to prove less reliable than the assessment of merit by departmental committees. Moreover, the time of the services is wasted too much in the interpretation of rules relating to conditions of service in each department instead of being fixed on the regular work.

PROGRESS OF ANTHROPOLOGICAL WORK

The work done by the Anthropology Department of the Government of India in various fields is to be reviewed by the Central Advisory Board of Education at its next session commencing at New Delhi on February 7. Anthropology is closely related to several practical sociological problems facing the Administration. Various problems on which the Department has been working recently can help the formulation of policy. On the question of the primitive tribes, the Department is reported to have submitted to the Government a comprehensive report on their cultural and racial affinities and problems affecting their administration in the light of the experience of tribal populations in different parts of the world. A sub-station has been working at Port Blair in the Andaman Islands for establishing friendly contacts with the Jarawas, the Onges and the Sentinelese, tribes which could not be won over during the period of over 100 years of the British rule. Similarly, a survey is being carried out among the Abor tribes of the North-Eastern Frontiers of Assam, and a Field Party has visited the Tibetan border regions which have not been visited earlier by Indian Officers. The record is not unimpressive.

Records of tribal speech, music, and dances have been taken by means of cinematographic films and sound recording apparatus. Progress has been made in the restoration of pre-historical skulls in the remains of the Indus Valley and other ancient sites. Eight post-graduate students are now under training with the Department, each for a period of two years. To ensure collaboration with foreign anthropologists eager to work in India, a Visiting Fellowship tenable for two years is offered to a foreign scholar, once in two years, for research in India. But this is a field in which outside experience has to be applied in a more systematic manner and it would be desirable to explore the scope for securing technical assistance under the auspices of one or other of the various programmes.

WORLDGRAM

TRADE

Japanese Trade: Export contracts validated in 1953, amounted to $1,226,994,000 or $27,025,000 less than 1952 the Ministry of International Trade and Industry announced. In 1953 the pound area bought $341,750,000 worth of goods from Japan or 41 per cent less than the previous year. There was a marked decline in Japan's exports, ranging from 30 to 69 per cent, or such products as cotton, iron-steel and chemical fibre-goods with the exception of wool pieces. To the open account area, Japan sold $395,495,000 or 34 per cent more than 1952, with woollen products jumping nine times, cotton products doubling and chemical fibre 30 per cent up. The dollar area purchased $489,749,000 or 30 per cent more than the previous year involving cotton goods, machinery, iron-steel, chemical fibre and food-beverages in the order mentioned. Shipments to various areas in the first and second half of 1953 were: the dollar area—$250,292,000 and $239,457,000; the pound area—$108,620,000 and $233,127,000; the open account area—$52,195,000 and $243,300,000. The exports were: cotton textiles; cotton yarn, rayon textiles: rayon yarn; staple fiber textiles, 187,700,000 yds.; staple fiber yarn, 27,100,000 lbs.; silk textiles, iron-steel, lime nitrogen, ammonium sulphate, urea, superphosphate of lime, ammonium nitrate and synthesized fertilizer.

INDUSTRY

The Australian Wildcat Well: The Australian Wildcat Well, known as "Rough Range No. 1", reached the depth of 5,417 feet on last January 5th. This represents nearly 2,000 feet of progress below the discovery level of 3,605 to 3,620 feet where oil flowed in a 25-hour planned test early in December for the first time on the continent of Australia. At that time, Caltex announced a test-flow rate of some 550 barrels per day through a ¼" bottom-hole choke. Deep drilling is continuing in accordance with original plans toward the objective of 12,000 feet or somewhat lower with thorough tests to be made of all strata penetrated.

* * * * * * *

A "Flexible" Laboratory for Plastics Research: The first "Flexible" Laboratory in Britain was recently opened at Welwyn Garden City, and is now the home of I.C.I.'s Plastics Research, the largest of its kind in the country. A three-storey building, costing about £3,00,000 (Rs. 40,00,000), has been termed "flexible" to describe its architectural style. To suit the work of the Research Centre the structure is one whose interior arrangements can be quickly and cheaply altered as new processes are evolved in the plastics industry and new arrangements must be created to cope with them. The panels for walls and ceilings are devised on what is called a four-foot module, i.e., they are four feet in width and multiples of four in length. They clip into place, and are held by only two, or at most four, threaded bolts. This means that panels can be dismantled easily and replaced, and the walls of a room can be picked up and moved to new locations.

* * * * * * *

Developing Pencil-Making as a Cottage Industry: The Forest Research Institute, Dehra Dun, has succeeded in finding a substitute for imported 'Juniper' salts for the manufacture of pencils in India. Effort is also being made to develop the industry on a cottage-scale basis, in view of the demand created by the rapid expansion in primary education all over the country and as a much needed supplementary occupation to the rural population, especially during slack periods in agricultural operations. The Forest Institute has devised a set of simple pencil-making tools costing approximately Rs. 75, operatable by unskilled people with little training.

FINANCE

Japanese Purchases From I.M.F.: The Government of Japan purchased £4,300,000 ($12,040,000) recently from the International Monetary Fund. Japan had previously purchased £18 million sterling ($50,400,000) from the Fund during September and November of the year 1953.

* * * * * * *

Rockefeller Foundation's New Grant to India: The Rockefeller Foundation, a U.S. private philanthropic organization, made grants totalling $5,367,964 (approximately Rs. 2½ crores) during the fourth quarter of 1953. Included in the grants were funds totalling $68,450 (approximately Rs. 3,27,191) to aid a long-term investigation of population dynamics in India. Three co-operating institutions will conduct the study over a ten-year period in villages in the Punjab State. The co-operating groups are the School of Public Health of Harvard University, the Christian Medical College of Ludhiana, and the Government of India.

* * * * * * *

U.S. Aid to Nepal: The U.S. has helped Nepal to start a programme to train village-improvement workers. This programme will provide more than 4,000 trained Nepalese workers within the next five years. The joint U.S.-Nepal technical co-operation campaign is also conducting projects in plant disease and insect control, livestock improvement, improved farm tools, irrigation and adult education. The U.S. has earmarked $600,000 this year for the Nepal programme. Last year, the U.S. contribution was $497,000. The Government of Nepal is contributing about $500,000 in rupees.

* * * * * * *

Deficit Envisaged in New Bonn Budget: The West German Government recently presented the Federal Budget for the fiscal year 1954 to their Parliament. The 27,100 million Deutsche marks ($6,452 million) budget shows a deficit of 2,000 million Deutsche marks, and provides 9,000 Deutsche marks for Allied occupation and defence. Social expenditures are set at 8,075 million Deutsche marks. Although apparently less than the 1953 budget, the decline is illusory as receipts from U.S.A. and the International Bank of Reconstruction and Development Loans have been removed, and are being handled separately.

TRANSPORT

New Records for T.W.A.: In 1953, Trans World Airlines topped all previous cargo-carrying records. New records were set for ton-miles flown all along the airlines' 33,000 miles of domestic and international routes. Last year on routes within the U.S.A. the T.W.A. flew 18 million ton-miles of cargo, a 21 per cent increase over 1952. The airline had a 10 per cent gain on its overseas routes when the cargo ton-mileage almost reached 8 million.

AGRICULTURE

Irrigation Projects in Rajasthan: The Rajasthan Government have sanctioned the construction of a bund on river Kotheri in Udaipur Division at Meja at an estimated cost of Rs. 59 lakhs. This bund will irrigate 37,000 acres of fertile land in Udaipur Division. This is one of 19 medium irrigation projects included in First Five-Year Plan for which a sum of Rs. 388 lakhs was provided. Subsequently the Planning Commission sanctioned a further sum of Rs. 2½ crores for the medium

projects. These schemes in all will irrigate 6 lakh acres of land.

LABOUR

I.L.O. Experts to Consider Problem of Co-operatives: A report on the problems of the world co-operative movement will be put before the Governing Body of the International Labour Organization when it opens its next meeting in Geneva at the end of February. The report was prepared by twelve experts appointed by the I.L.O., who met in Geneva at the beginning of December. During their six-day session, the experts considered such questions as co-operative legislation, inter-co-operative relations, the organisations and functions of Government services, and I.L.O. action in the field of co-operatives, particularly through technical assistance to underdeveloped countries. The experts were selected from a dozen countries in Asia, Europe, Latin America and the Near and Middle East. They laid special emphasis on the need for technical aid in the training of co-operative leaders, and in the establishment of co-operative societies of different types.

* * * * * * *

Labour Welfare in Mica Mines: Over 41,000 mica mine-workers in Bihar and 87,654 in Madras received medical aid under Mica Mines Labour Welfare Fund schemes during 1952-53. In Bihar, at the Kodarma hospital, 2,732 mica miners were given treatment as compared with 2,931 during the previous year. Mobile medical units at Kodarma and Dhorakola rendered treatment to nearly 11,500 cases as compared with 6,369 during the previous year. The dispensaries at Dhab, Dhorakola and Ganpatbaghi attended to 26,875 old and new cases as against 24,357 in 1951-52. In Madras, the total attendance at three dispensaries at Sydapuram, Katichedu and Talupur was 137,654. At four maternity centres, 466 cases were handled during the year. In Bihar, over 1,42,000 Paludrine tablets were distributed to mine workers as a preventive measure against malaria, while in Madras, about 20 million square feet in the mining area were sprayed with D.D.T.

POPULATION

Seventy Per Cent of World's Population Undernourished: The United Nations Food and Agriculture Organization reports that in the 1952-53 season, for the first time since before World War II, the world's total food production caught up with the growth in population. The F.A.O. report points out that this favourable trend is not by any means true of all regions. People in many areas, especially in the Far East, still have less food than before the war. According to the F.A.O., 70 per cent of the world's people do not eat enough to maintain their health and strength. The report stresses the immediate need for greater agricultural production in the underdeveloped areas.

MISCELLANEOUS

Sickness Expenditure in the U.S.A.: In one year illness costs the families of the U.S.A. $10,200 million, and puts 8 million people (16 per cent of total population) into debt. Voluntary health in finance extends over 89.5 million people (58 per cent of population). The total private medical bill of the nation exceeds $9,000 million a year—an average of nearly $200 per family.

* * * * * * *

U.N. Convention on Refugees: Australia has removed the last legal obstacle from the Convention on the Status of Refugees. As a result of this ratification, the Convention comes into force from April 22. The Convention establishes minimum rights for the 2 million refugees under the protection of the Office of the U.N. High Commissioner for Refugees.

* * * * * * *

N.A.T.O. Bases Under Way: The North Atlantic Alliance has started construction of $44.8 million worth of new military training bases in six European countries. The programme designed to increase and ensure the readiness of the N.A.T.O. troops for combat, coincides with the growing concentration by N.A.T.O. planners on reserve forces and a long-term "depth" of defence. Air training bases will be built in the Mediterranean countries—chiefly Italy and Greece. They will be attached to N.A.T.O. airfields, 160 of which have been built or are nearing completion.

* * * * * * *

Encouragement of Popular Literature: The Government of India, anxious to encourage the growth of wholesome literature in all Indian languages, and specially in Hindi, have instituted the following measures for the purpose: (1) Authors and publishers are being invited to submit books for approval. Any book which is adjudged of sufficient value will be approved, and at least 1,000 copies of each approved book will be purchased by the Government of India for the Community Projects. Books may be submitted in manuscript by authors or in printed form by publishers. (2) Out of the approved books, the Government of India will give prizes to a number of authors. Twenty of these prizes will be given in the first year, out of which five will be worth Rs. 1,000 each and the rest of Rs. 500 each. (3) The Government of India will also encourage the translation of good books from regional languages into Hindi and from one regional language into another. It will, in particular, help in the publication in all Indian languages of the books for which prizes are awarded.

* * * * * * *

National Malaria Control Programme: Over 43 million people all over India have been protected as a result of the National Malaria Control Programme, during the period from April to November, 1953. During the same period over 8½ million houses have been spread with insecticides and about 345,000 malaria cases have been treated. About 75 million people suffer from malaria in India annually, and about 800,000 deaths are directly attributed to malaria and a similar number of deaths occur annually due to its indirect effects. The Planning Commission had agreed to set apart a sum of Rs. 10 crores, as the total contribution of the Centre including foreign aid, towards the cost of the programme over a three-year period. This amount was estimated to cover the formation of 90 units in 1953-54, to be increased to 125 in the following year, the units to be continued through 1955-56. Each unit is scheduled to afford protection to a population of one million. The total population to be protected over the three-year period was estimated at 125 million out of the 200 million exposed to the malaria risk in the entire country.

* * * * * * *

International Avalanche Control: The first international conference ever to discuss avalanche control will be held in Switzerland this summer under the sponsorship of the Food and Agriculture Organization of the United Nations. The conference will be held by members of the working party on torrent and avalanche control set up by F.A.O.'s European Forestry Commission in 1951. The working party studied engineering projects and reafforestation measures in the French Alps in the summer of 1952 and this year, in Switzerland, will exchange information on an international basis on the problems of snow and avalanches. The F.A.O. will issue a report summarising European experience in avalanche control. Research stations were set up in a number of European countries, including Switzerland, Austria and France, to study the behaviour of snow under varying conditions and on varying terrains. The research carried out at these stations has proved that a high proportion of avalanches can be prevented and where prevention is occasionally not possible the time they will occur can usually be foretold with considerable precision.

NEWS IN BRIEF

INDIAN

The 13th session of the Indian Roads Congress will open at Bhubaneswar on February 5. Mr. Nabakrushna Chaudhry, Chief Minister of Orissa, will inaugurate the session. About 250 delegates from all over India are expected to attend the Congress which will last till February 11.

* * * * * * *

The Government of India have sanctioned a loan of Rs. 36 lakhs to the P.E.P.S.U. Government during 1953-54 for the land reclamation and tube-well sinking schemes. This amount is to be adjusted against the total loan of Rs. 1 crore approved for the schemes during the Five-Year Plan period. The loan is repayable, together with interest, at the rate of 4¼ per cent, in 15 equated annual instalments of principal and interest.

* * * * * * *

A World Bank Mission, headed by Mr. George Woods, arrived here recently. It will discuss, inter alia, India's proposal for a loan to finance the State steel project. The question of financing a development bank may also be discussed with the mission.

* * * * * * *

It is proposed to set up export committees for various commodities entering the export trade of India. Some of these commodities are tobacco, spices and cashew-nuts. A beginning is being made with a committee for tobacco. An export committee for textiles has already been set up.

* * * * * * *

Mr. C. F. Cobbold, Governor of the Bank of England, will arrive in Bombay on February 5, at the invitation of the Governor of the Reserve Bank of India. Mr. Cobbold is expected to visit New Delhi, Calcutta and Colombo.

* * * * * * *

The Hon. Lionel Brett, British architect and town planner, arrived in Delhi recently to attend the Regional Conference of the International Federation of Housing and Town Planning being held in conjunction with the International Low-Cost Housing Exhibition. Mr. Brett is visiting India under the auspices of the British Council, and is expected to visit Lucknow, Calcutta, Bangalore, Hyderabad, and Bombay, where he will lecture on various aspects of housing and town planning in Britain.

* * * * * * *

The annual conference of Governors and Rajpramukhs will be held in the first week of March, 1954, at Rashtrapati Bhawan. The Sadar-i-Riyasat of Jammu and Kashmir and Lieut.-Governors have also been invited to attend. The Union President will preside over the conference and the Prime Minister, the Vice-President and some of the Ministers will be present.

* * * * * * *

The Government of India have reviewed the policy with regard to the export of onions and chillies. It has been decided not to release any quotas for the export of these commodities.

* * * * * * *

The Textile Commissioner to the Government of India has warned mills and dealers of cotton that no Indian cotton might be purchased or sold or offered to be purchased or sold at a price higher than the basic ceiling prescribed for the variety, unless its staple and class were certified by the East India cotton Association.

* * * * * * *

The Government of India have now decided in consultation with the Central Board of Trustees to grant interest to the subscribers of the Employees' Provident Fund at the rate of 3 per cent during the years 1952-53 and 1953-54.

FOREIGN

Mr. Paul W. Rose of Covington, Virginia, has been appointed Director of the U.S. Operations Mission to Nepal. Mr. Rose, who was first assigned to Nepal in November, 1951 as Chief Agriculturalist under the Point-Four Programme, has been serving as Acting Director in Nepal since May 1952.

* * * * * * *

The Brush Aboe Group, England, have offered one scholarship tenable for two years consisting of a free return passage (tourist class) from the place of residence to the place of training in the United Kingdom and weekly wages amounting to about £300 per annum. The scholarship is in Mechanical and Electrical Engineering.

* * * * * * *

The 'Borgwardwerke' Automobile Factory of Bremen has concluded an agreement with the Udatin Company, Ltd. of Surabaya, Indonesia, for the establishment of a joint venture for the assembly of Borgward cars to be set up in Indonesia. Financed jointly by both the parties, finalisation of details is now being worked out in Germany.

* * * * * * *

The U.S. Public Health Service says the nation's death rate in 1953 was 9.6 per 1,000 population. It is estimated that 1,523,000 persons died during 1953. The death rate was the lowest on record, and the same as in 1952 and 1950.

* * * * * * *

To help the Government of India obtain increased production from industry, two British experts—one in foundry operation and one in the machine-tool industry—have been made available by the British Government. Mr. A. B. Lloyd, member of the Institute of British Foundrymen, and Mr. J. D. Scaife, consultant production engineer, will spend three months visiting foundries and machine-tool factories in all parts of India. The experts' services have been made available by Britain under the Technical Co-operation Scheme of the Colombo Plan.

* * * * * * *

Mr. Harold Stassen, Director of U.S. Foreign Operations Administration, told the House of Representatives recently that the U.S.A. was paying 55 per cent of the cost of French operations against the Viet-Minh in Indo-China.

* * * * * * *

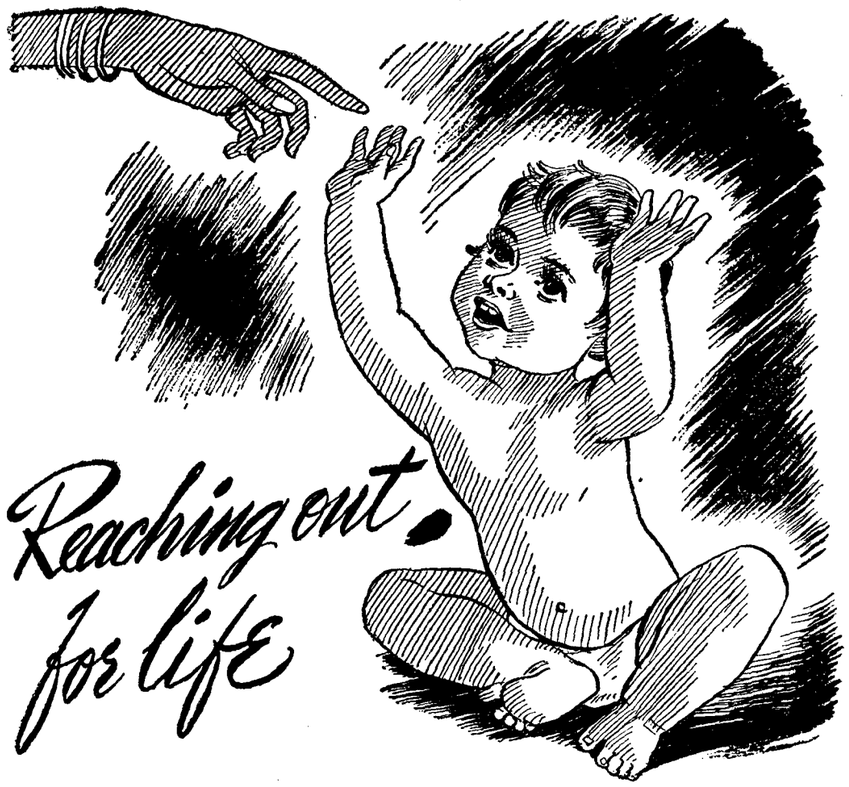
India, Germany, Austria, Yugoslavia, Pakistan, and the Near East will be major areas for relief and reconstruction programme toward which American Protestant and Eastern Orthodox Churches will be asked to contribute $8,000,000 (Rs. 3,82,40,000) this year. Last year more than $7 million (Rs. 3,34,60,000) were raised for overseas relief and rehabilitation.

* * * * * * *

France has asked for more American technical personnel to train Indo-Chinese to handle equipment supplied under the mutual assistance project. There have been several hundred American civilian technicians in Indo-China for a number of years.

* * * * * * *

Britain and Japan have signed a Sterling payments agreement, which covers a pattern of trade between Japan and the Sterling Area this year. It is stated the agreement visualises a two-way trade totalling about 400 million Sterling.



No mother can resist the appeal of eager little hands. The world is every baby's birthright and mother does her best to ensure for her baby all that is best in it. And all mothers hope that their children when they grow up will enjoy the blessings of prosperity in the great new India we are all striving to build.

for your and your children's benefit

SAVE AND INVEST IN

NATIONAL SAVINGS CERTIFICATES

They yield at maturity 50 per cent more for your money, and this 50 per cent additional benefit is tax-free and will not be taken into account in fixing the rate of income tax on total income.

BUILD UP HIS FUTURE

Help India's Prosperity Plan

For further information and/or rules governing these investments please write to the National Savings Commissioner, Gorton Castle, Simla-3 or the Regional National Savings Officer of your State.

AC 510

A Window On The World

MAGIC FOR MODERN TIMES

BY

ODYSSEUS

I RECENTLY TOOK PART IN a pagan ritual ceremony of purification by fire against evil spirits, black magic, and witches. The procession of the whole village in which I joined, with my wife and my three children, did not take place in darkest Africa, or in some remote Bhuta-haunted swamp of Malabar, but at the village of Burghead two miles away from where I am now living in the country of Moray in north-east Scotland. Burghead is too small to be marked on an ordinary atlas but it is between Nairn and Lossiemouth, which are marked on any respectable map.

Few parts of the world can claim more history, ancient customs, and folk-lore to the square mile than the country of Moray, and I doubt whether any corner of Moray can claim to be stiffer with history and ghosts than the fishing village of Burghead, numbering around 2,000 inhabitants. The remnants of the ramparts discernible on the headland are those of the Pictish fort erected centuries Before Christ. Later, the Vikings found Burghead's sheltered bay a natural harbour and used it as a strong point from which to harry the Picts and Scots. Later again, it was at Burghead that, on August 14, 1041, Duncan, King of Scotland, was defeated in battle by the Norsemen. After this battle, his trusted general, Macbeth, murdered Duncan and made himself king, as Shakespeare relates. Macbeth's castle is a few miles away at Forres, and the blasted heath whereon the three witches—those "secret, black, and midnight hags"—uttered the weird prophecy which was to send Macbeth to his ruin, is within cycling distance of my home.

Moray was once thicker with witches than any other part of Scotland. The Church archives are full of records of prosecutions for witchcraft launched in the attempt to stamp out the black magic that was rivalling the Church's white magic. The ritual of the Clavie which has kept the witches away from Burghead for some two or three thousand years can be traced to Druidic purification ceremonies lost in the mists of time. The Druids were the priests of the old Celtic races of Gaul and Britain. Much of our information about them comes from the Romans who conquered these parts at various B.C. dates.

THE FIERCELY FLAMING "CLAVIE"

At nightfall on January 11 (that is, on the last day of the year in the old unreformed calendar), the King of the Clavie (a Gaelic word meaning "torch") filled a barrel with staves and tar, as his predecessors have done for centuries, fixed the barrel into a wooden receptacle on the end of a pole, set the wood ablaze, and lifting the structure onto his head amidst the cheers of the assembled villagers, bore the flaming barrel in triumph through the streets.

The Clavie's lurid light blazed forth, undimmed by rival beams from the moon or stars shuttered behind clouds, and the Celtic gods having primed the wind to blow half a gale, the flames leaped fiercely and cast a ruddy glare over the upturned, happy, excited faces of the cheering men, women, and children, who swirled after the high-held Clavie along the narrow streets. And the stone houses, by day a mournful weather-beaten grey, were bathed in exultant rosy hues.

We halted at certain ritually prescribed places, when burning brands, snatched from the Clavie, were handed to householders (their hands protected by thick leather gloves) who, after lighting their home fire, extinguish the brand and keep it carefully until the next Burning in a year's time. Their hearth thus purified, the Celtic gods are pleased, and the evil spirits sent, frustrated, on their way.

The barrel was carried to the top of a hill, where after fresh staves and tar had been thrown in to send up roaring flames that spread the light of the Clavie's luck far and wide over the shrouded village below, and out to sea for the safety of all sea-farers fortunate enough to spot the blaze, the barrel was cast upon the ground and scattered over the hillside. The burning tar, racing before the wind, set the hillside aflame (the grass in Scotland being damp, the fire died out when the tar had burnt up) and the villagers rushed among the driving smoke and leaping flames to pluck out brands to take the luck of Burghead back into their homes.

This is the sort of ritual that reformers in Europe tried for centuries, with considerable success, to stamp out, as representing the forces of darkness, and on which the city educated Failed B.A. in India pours contempt when he visits his village and comes across local fertility or other rites. "Superstition!" he scoffs.

Now, nobody who has studied the injustices, the crimes, and the sufferings, wrought in the countrysides of all nations by a belief in evil spirits could uphold such beliefs. The stoning, maiming, and even killing of innocent men, women, and children, condemned as witches by ignorant neighbours are grievous to think of.

But too often in the past, reformers have seen only the evil of ancient customs. Usually lacking anthropological knowledge and themselves failing to apply the scientific outlook that they preach to the villagers, they do not realise that all human institutions originate in response to some human need. So that when eradicating abuse of an institution, it is vital to discern what need it fulfils and to ensure that that need continues to be provided for. I pointed out in this column in three articles on village life in India (in three consecutive issues of January 15, 22, and 29), the disruption of social life that follows uninformed interference and reforms in the mofussil. The old institutions, ways, and ideas, are uprooted, and the villagers must go through the tragic process (which may take two, three, or more generations) of filling the blank in their lives by the development of new institutions and ideas, adapted to their present needs. Unfortunately in many cases the disruption of their familiar ways and hierarchy, and of familiar sanctions for their system of morality, is so complete that either they cannot re-integrate themselves into a new community, or they achieve re-integration on a low level. This is one of the most frequent causes of anti-social behaviour in villages: dacoities, gang murders, faction fights, quarrels, litigation, and general lack of social co-operation.

THE SECRET OF SUPERSTITION

It is often difficult for an outsider to grasp the value of some ancient custom which, to him, seems

mere superstition, and which the villagers (who can hardly be expected to be well-versed in anthropology) can rarely explain, least of all to a stranger from a city from whom they have learnt to except scorn of their ways. The clue to understanding is to know that one of the most important functions of a custom such as the Burning of the Clavie is to create an opportunity for everyone in the community to share an experience. Any experience shared, especially if it is religious or mystic, is socially binding. It helps to prevent potential enmities from forming; it cements existing links between friends.

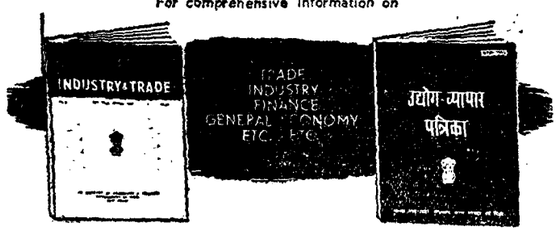
A second point for the townsman of good will when faced with queer village customs is to remember that it is an established fact that phenomena for which primitive peoples can find a rational explanation are outside the field of superstition. Magic is only called upon to explain incomprehensible phenomena. Consequently, the wider that you can spread the field of reason by education, the narrower you render the field of superstition. But there is no reason why in spreading reason you should abolish ancient customs that make cheerful occasions in which the whole community has a grand tamasha, which stimulates their instinct for social co-operation.

The survival of the Burning of the Clavie illustrates my argument. Everybody in Burghead has gone through the twentieth century mill of compulsory education. They are impregnated with the spirit of this scientific age of trial and error. The villagers would laugh at anyone who suggested that a neighbour had the evil eye or was a witch; they would be horrified if you hinted that a witch should be stoned out of the village and would hasten to hand you over to Jimmy McPherson, the local policeman. But the ancient Clavie tamasha, purged of its black magic associations, serves to promote neighbourly feelings among the Burgheadians. Everyone joins in the Clavie procession; everyone has laughed and cheered together; everyone has his own incredible story of miraculous escapes with smouldering trouser seats or blazing skirts. They are drawn together by these happy memories; they feel sorry if they leave Burghead to live in a town or a village unblessed by a Clavie.

If that is so, some city dweller may ask, why can't every village add to its social co-operation by inaugurating a Burning of the Clavie of its own? Because such a custom has to grow up naturally out of contemporary social beliefs and practices. If it is invented or imposed it is self-conscious and finds no echo in neighbourly hearts.

We who dwell in cities lose much training in social co-operation. We have few friends in the multitudes who surround us and little sense of obligation towards them. Still, we do have our tamashas when we climb into motor lorries and drive around the city striking gongs, and singing and shouting together, at the Saraswati or other puja. And let no half-baked intellectual sneer at us when we join in such fun, for it is one of the few opportunities for social co-operation left in the cities. And when you come across such customs in the villages, do not scorn. Envy them!

READ
COMMERCE & INDUSTRY MINISTRY'S JOURNALS
For comprehensive information on



Monthly 100-150 pages
Annual Subscription
Rs. 12/-
Single Copy Re. 1/-

Monthly 60-75 pages
Annual Subscription
Rs. 6/-
Single Copy As. -/8/-

- SPECIAL ARTICLES ON TRADE AND INDUSTRIAL TOPICS.
- HIGH LIGHTS FROM TRADE COMMISSIONERS' REPORTS.
- COMPREHENSIVE INDIAN & FOREIGN COMMERCIAL NEWS.
- INDUSTRIAL AND TRADE STATISTICS.
- REFERENCE SECTION CONTAINING TEXTS OF TRADE AGREEMENTS, IMPORT & EXPORT CONTROL ANNOUNCEMENTS, IMPORTANT LEGISLATIVE MEASURES ETC.

ADVERTISE IN THE JOURNALS & PUSH UP YOUR BUSINESS
(The English Journal has an influential circulation at home & abroad. The Hindi Journal circulates extensively in India).
Address Business Inquiries, Trade & Subscription Orders to
THE EDITOR, PUBLICATIONS, MINISTRY OF COMMERCE & INDUSTRY, NEW DELHI

BOOK REVIEWS

ENTERPRISE AND PROFIT

An Essay in the Theory of Profits and Income Distribution: By B. S. Keirstead, Professor of Economics, McGill University: Basil Blackwell: Pp. 110: 10sh. 6d. net.

This brief essay written under the auspices of the Nuffield Foundation in what was apparently a Sabbatical year illustrates the many great advantages of combining theoretical exposition and practical study and illustration. The starting point is the inadequacy of Classical theory to explain distribution—in particular its failure to show why or how the sum of the determinate shares of the factors exhausted the total product, to explain the reward for non-competing groups, and to determine the principles on which rent and profits as residuals could be arrived at. The conditions on which Euler's theorem can be said to hold in distribution are such as to exclude the entrepreneur, and, therefore, a classification of surpluses is needed. Naturally, surpluses are classifiable into four classes, namely, Ricardian rents, monopolistic profits, innovators' profits and a windfall element.

From here on, the discussion follows the now familiar lines, Knight and Shackle being very much in evidence. Entrepreneurial expectations are extensively discussed, and the role of profits regarded as the reward for uncertainty enables the reconciliation of such statements as that 40 or 50 per cent is the order of magnitude needed to attract venture capital, while progressive changes, with reference to which the horizon is not remote, need yield only 5 to 10 per cent.

The theory of this essay is not novel. The practical illustrations and observations, however, are quite interesting. Thus, the history of British industry between 1919 and 1939, says Professor Keirstead, is a history of the search for security by a rather tired and frightened business community. Monopoly groups have to be met, however, by other groups—and it cannot be assumed that the countervailing power, as it has been called, can reconcile us to regarding the result as approximating to a free enterprise system.

The practical conclusions which Professor Keirstead derives stand to commonsense. Incentives, he believes, are not necessarily and easily destroyed by high taxation—trade union ca'canny and the control muddle may be as relevant or even more relevant. The destruction of private capital may be made good by public saving and investment. Equality is also a good thing within limits. "Healthy, handsome, vigorous and well-educated, they (the British children of this generation) may yet prove that capital invested in public health, slum clearance and schools is not less productive in the long run than new machinery and new plant". But there is some point beyond which taxation discourages innovation, and at which the capital structure can be transformed too far in the direction of non-income-producing durable goods. Redistribution, moreover, may be relatively unimportant, compared to economic growth and productivity, for increasing the share of labour. What the point is at which innovation disappears, while the overgrown public sector and monopolistics groups on the other hand remain and dominate the picture, can be judged only by a process of trial and error—a rather tame conclusion this, but, perhaps, the only one which steers clear on the one hand of the assertion that 25 per cent is the critical limit (Colin Clark) and the denial that any statement on these lines can be made (Professor Dan Throop Smith, for example).

Professor Keirstead's essay contains much sound commonsense and should repay study. The hangover from a belief in the Classical system, according to which competition does all that is needed, or from the naive faith that countervailing power will be adequate, or from the belief that planning can take care of everything (state-endowed research, for example, taking the place of innovation) is still very great; and a book which explores the function of profits in relation to economic growth in the economies of today as we know them and not as they exist in models has some part to play in educating opinion.

FINANCIAL PROCEDURE ....

Parliamentary Financial Control in India: By P. K. Wattal: The Minerva Book Shop, The Mall, Simla: Pp. 192: Rs. 6.

Mr. Wattal is eminently qualified to write on this subject both by reason of his experience and because his earlier work on a similar subject, produced several years ago, became and remained for a long time a standard work. In this book, which has grown out of the lectures delivered by him as Principal of the Indian Audit and Accounts Service Training School, Simla, he explains financial procedure in India under the new Constitution in simple language and with great lucidity, with the result that all those who have to be concerned with executive or parliamentary procedure in financial matters will find this a good introductory study.

The changes which have been introduced in financial procedure in India after Independence have been many and far-reaching. Not all the changes, moreover, have taken place yet. The question of separating the balances of the Consolidated Fund and the Public Account is, for example, still under consideration. It is also possible that the date on which the budget is presented every year or the Provisional Collection of Taxes Act may be reconsidered—so that the estimates may be considered at more leisure. Control over the actual progress of expenditure, separation of accounts and audit, and the present practice of creating private limited companies in order to run government-owned industrial undertakings are all matters which are now under examination, and it is obvious, therefore, that financial procedure cannot be static. Essentially, these developments reflect the change in the position, namely, that Parliament is now sovereign and considers the arrangements which are best adapted to the exercise of its control.

Mr. Wattal explains some of these recent changes and will no doubt bring his lectures periodically up-to-date. One instance of the fact that procedure is still in the process of being settled may, perhaps, be quoted. It has been said that the Public Accounts Committee in England has power to send for persons, papers, and records, but that the Indian Committee has no such power. A recent amendment to the Rules of Procedure and Conduct of Business in the House of the People, issued in October, 1953, reads:

"A Parliamentary Committee shall have power to pass resolutions on matters of procedure relating to that Committee for the consideration of the Speaker, who may make such variations in procedure as he may consider necessary."

The Public Accounts Committee has published codified rules which are considered as additions to the rules of procedure of the House of the People and these rules would permit the Committee to make special reports or to regulate its procedure in any manner that may be found convenient.

The procedure in financial matters in India already is fairly satisfactory for purposes of enforcing accountability control, and as Parliament, which in this country has exhibited a bias in favour of economy, looks more and more into the accounts and estimates, efficiency is bound to improve. Merely controlling expenditure, which is what Parliament can do (as Lowell has said, a legislative body can say yes or no, but cannot itself initiate proposals) is, however, not all that is needed—although an enlightened control can go very far. Much, almost everything, still depends on the initiative and enterprise which is displayed by the executive, for financial policy, as is now realised, is positive and not negative.

RICE

Rice: By D. H. Grist: Longmans Green and Co.: Pp. 331: 35sh. net.

This volume has been produced in a series edited by Sir Harold Tempany for the Colonial Advisory Council of Agriculture, Animal Health and Forestry, and has been written by a former agricultural economist of the Colonial Agricultural Service. It is a technical study, and in this country in which modern methods of cultivation are now coming so much into vogue, with intensive cultivation according to the Japanese method being adopted on some three million acres, it should prove to be very useful.

Mr. Grist estimates that the annual increase in the world's rice production, which is necessary in order to meet the growing needs of the population, is about 1.3 million tons. The outlook, however, is not so very gloomy. 'Rice', according to Pendleton, 'is doubtless the most adaptable food crop a man grows, and if enough water remains on the soil until the maturing of the crop, it can produce at least a little grain on soils that are unbelievably poor in plant nutrients'. Mr. Grist estimates that improved methods might lead in the aggregate to the production from existing paddy areas of a total world crop of 200 million tons of rice, or roughly double the present out-turn. The Baguio meeting in 1948 estimated also that about 10 million tons were going to waste every year, because of insect and rodent infestation, wasteful methods of storage and milling and the like. There is comparatively little that can be done in the short period to improve trading arrangements, but empirical experience in India recently proves that production methods are not so slow to respond as is often supposed.

The information contained in this book will, therefore, prove to be particularly valuable. Mr. Grist's account is based on extensive knowledge and practical experience. About short-term crops (like the famed Japonica) he notes, for example, that during the Japanese occupation of Malaya, a variety of paddy from Formosa capable of producing two crops a year was introduced, but he doubts whether the two crops produced in the aggregate more than one long-term crop. He notes again that green manure, particularly farm-yard manure, lowers the water requirement; and from the point of view of this country, where minor irrigation works are now being undertaken in such large numbers, the Dutch policy in relation to irrigation undertakings is particularly instructive. Since this is comparatively very little known, the description may, perhaps, be extracted in full.

"Governments are frequently concerned with the high cost of irrigation systems for paddy cultivation and the small return that may be expected on capital investment. This is inevitable, for one is dealing with a crop which has a low market value in comparison with most other crops. In their development of the rice industry in Java the Dutch took a most realistic view of this problem. To judge as to whether a system of irrigation would be justified, data was first gathered on the agricultural and economic conditions of the region and also on the probable profit from the project, the quality of the water, and on other agricultural aspects. A financial estimate was based on these data. Irrigation works were usually only undertaken when they were at least 50 per cent 'fiscal remunerative'; in other words, the interest on the invested capital had to be at least 50 per cent of the rate determined before-hand. Thus, if the project yielded an interest of 3.6 per cent, and the determined normal rate of interest was 6 per cent, the scheme was considered 60 per cent 'fiscal remunerative'. Consideration was given in this way to the indirect advantages of a scheme of a social nature."

Mr. Grist's book will not make it unnecessary for the Indian farmer to consult the local agricultural department, and it cannot overrule Indian literature. Nevertheless, as a global survey, it provides a valuable background of knowledge and will rank as an authoritative work.

BANKER'S ANNUAL

The Indian Bankers' Annual, 1954: The Indian Press Publications, 585, Pycrofts Road, Madras-5, and 69, Fleet Street, London, E.C. 4: Pp. 288: Rs. 10.

The new issue of this annual has been expanded in order to enhance its usefulness as a handy work of reference. Neatly printed and providing all the basic information which a banker needs from day to day in India, this book is now widely recognised to be authoritative. The classified information regarding bank directorates and branches and the full re-production of the Reserve Bank's Remittance Facilities Scheme will, for example, be particularly useful in banking offices, because the information is not as easily available as it should be. There are introductory articles surveying banking developments in the U.K. and the U.S.A. among other usual features.

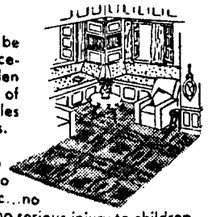
SALES TAX LAW

Law and Practice of Sales Tax in India: By Champat Rai, M.A., LL.B., Advocate: K. Rai and Co., Chandni Chowk, Delhi: Pp. 233: Rs. 15.

The basic constitutional provisions authorising the levy of sales taxes are now being re-examined, but a considerable body of case-law has already grown up, nevertheless, and it seems unlikely that there will be a wholesale change-over to a new basis, as for example, the purchase tax, or an amendment of the constitution. This book which reprints the various Acts with introductory and explanatory notes will be found useful by all those who have to be concerned with the existing law.

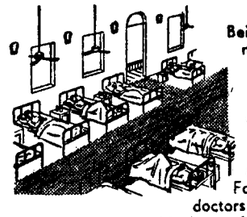
LINOLEUM—
The Versatile Floor Covering...

HOMES :



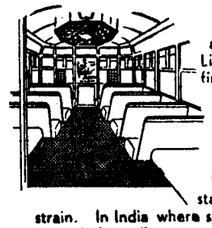
Linoleum can be laid on a simple cement or wooden floor in place of expensive marbles or mosaic floors. It is extremely comfortable to walk on, easy to clean ..hygienic...no jarring noises, no serious injury to children even if they fall. Linoleum adds colour and brightness to the home, safeguards health, promotes quiet.

HOSPITALS :



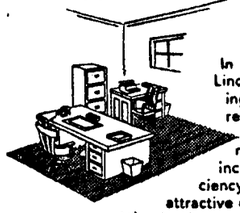
Being an hygienic, synthetic material, Linoleum is obviously an ideal floor-covering for hospitals and clinics. For nurses and doctors constantly on their feet, its "cushioning action" is a great boon; for the patients, no more disturbing noises from clattering feet.

PUBLIC TRANSPORT :



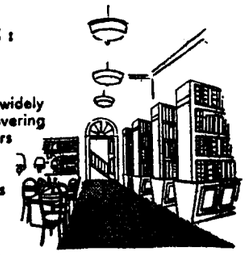
Tough, durable and easy to clean, Linoleum is the first choice for installation in public conveyances. Railway carriages, tram cars, buses.. Linoleum stands up to the strain. In India where so much luggage is carried in railway compartments, Linoleum seldom scratches or gets torn.

OFFICES :



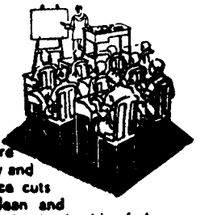
In the office Linoleum flooring effectively reduces noise and personnel fatigue, increases efficiency. For an attractive office maintained at low cost, Linoleum as a floor-covering is a real, long-term investment bringing everyday returns.

LIBRARIES :



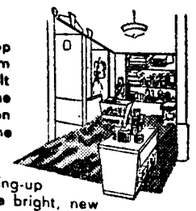
Linoleum is widely used for covering library floors because it minimises noise, makes for that quiet atmosphere so essential for concentration. No more screeching chairs or clattering feet.

SCHOOLS :



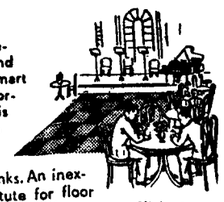
Because it reduces noise and contributes to a bright atmosphere Linoleum is a most effective floor-covering for school rooms and lecture halls. Its durability and ease of maintenance cuts costs. Easy to clean and hygienic it safeguards the health of the youngsters. Particularly suitable for gymnasiums and recreation rooms.

SHOPS :



For effective decoration of shop interiors Linoleum is unrivalled. It stands up to the heavy traffic on shop floors and the constant use of counters. Wash it clean at shutting-up time, and have a bright, new floor the next morning.

HOTELS AND RESTAURANTS :



Hotel managements have found in Linoleum a smart and durable floor-covering that is easy to clean and does not soil from spilled food or drinks. An inexpensive substitute for floor rugs and carpets, and a more efficient floor-covering than either.

Because of its resiliency, durability and economy Linoleum has become the world's most preferred floor-covering. We now offer this modern floor-covering in a wide range of patterns and vivid colours. Besides specialising in laying we can also suggest artistic floor designs to suit individual tastes and needs. Consult us or see our distributors today !

INDIA LINOLEUMS LIMITED

8, ROYAL EXCHANGE PLACE, CALCUTTA-1

THE EASTERN ECONOMIST
PUBLICATIONS

		PRICE Rs.	As.	Ps.
1.	The Economic Progress of Russia, 1860-1948 by E. P. W. da Costa ..	1	8	0
2.	India's Foreign Trade: Part I by L. K. Jha	1	8	0
3.	India's Foreign Trade: Part II by L. K. Jha	1	0	0
4.	The Welfare State by T. W. Kent	1	0	0
5.	Foreign Capital in India by Taya Zinkin	1	8	0
6.	Industrial Labour in India by Dr. N. Das	1	0	0
7.	Japan's Post-War Industrial Recovery by Sherwood Fine	1	8	0
8.	Radical Humanism by M. N. Roy	1	8	0
9.	What Goes on in the U.S.S.R.? by "Odysseus"	1	4	0
10.	Communism and India by Philip Spratt	1	8	0
11.	India and The Free World	0	8	0
12.	India's Food Problem by P. A. Gopalakrishnan	1	4	0
13.	A Programme of National Education for India by Humayun Kabir ..	0	8	0
14.	Deficit Financing, Capital Formation and Price Behaviour in an Under-Developed Economy by V. K. R. V. Rao	1	8	0
15.	Men Without Work by Dr. N. Das	1	0	0
16.	Sea Power in the Indian Ocean by C. S. Venkatachar	0	8	0

ANNUAL NUMBERS

1.	India 1900-1950 and India in 1949	5	0	0
2.	India and the World and India in 1950	5	0	0
3.	"A Social History of the Indian People" and India in 1951	5	0	0
4.	"India and the Free World" and India in 1952	5	0	0
5.	"India in Asia" and India in 1953	5	0	0

The Eastern Economist makes a special offer

(a) Any set of publications of value Rs. 6 can be had for Rs. 5.

(b) Any set of publications of value Rs. 10 can be had for Rs. 8.

POSTAGE EXTRA

Special Enquries to:-

The Manager

The Eastern Economist Ltd.

52, Queensway, New Delhi

SPECIAL ARTICLES

THE WELFARE OF INDIGENOUS PEOPLES

THE problem of backward indigenous peoples is one of the questions of social and economic policy which has faced countries in widely differing stages of political and economic development. Historically, the problem had its beginnings in the era of colonisation by highly advanced communities of the New World and of the other regions which were uninhabited except by people with primitive cultures and ways of life. The problems of the 'Indians' in the American continent and of the aborigines in Australia belong to this category. The extreme divergence in race and culture would in any case have created problems of co-existence but the desire of the colonists to secure the best share of the land and the services of the indigenous peoples and the resentment of the uprooted indigenous peoples complicated relations. These complications have been absent in other areas like India where backward tribes have existed in isolation from other advanced cultural groups, but living not too far away from them without creating a state of mutual hostility or intolerance. But considering that even in India the problem of dealing with the North-East Frontier tribes raises special questions even when there are no racial disparities or inequalities in political status, it is not difficult to understand the reasons for the complexity of the problem in the other areas colonised or administered by European races.

In all these areas, however, the establishment of the supremacy of the colonists and the increase in their numbers to the extent of reducing indigenous peoples to small minorities have generally led to a policy of benevolent protection. The exception, however, is the African continent, where the settlers are in a minority and have yet to devise a proper relationship with the indigenous peoples. In Australia, the place of the aborigines has been long debated. The attempts to bring about a forced integration of the indigenous people with the Western ways of life made the indigenous people live a rootless existence and hastened their extermination. The aboriginals are now only a fourth of their size at the time of colonisation in Australia. There is, therefore, need to avoid a rude interference with the ways of life of the peoples in the process of assimilating them into the community. At the same time, the policy of establishing anthropological museums in the natural surroundings of such peoples—which has been attempted in some colonies, trusteeship and mandated areas and even in India—cannot be continued for ever; nor can such policy be feasible when large groups of backward people are concerned.

The responsibility towards indigenous backward peoples can be discussed in a constructive manner only where there is no serious conflict between them and the advanced communities under whom they have to live. The International Labour Office has now undertaken a study* of the conditions of life and work and measures for the uplift of indigenous people in independent countries. By definition this would exclude the colonies, mandates and trusteeship areas. The study, therefore, is not exhaustive of all indigenous peoples nor does it include the indigenous people of the Union of South Africa, which is obviously an explosive subject. There is a comprehensive survey of the nature of the problem and of the action taken to improve the lot of the backward peoples in the American continent, South Asian countries and Australia. The problems are not common. Racial factors will be of much less importance in Asia than in the other two regions. In Asian countries there are various levels of culture and economic backwardness among the local population that makes it easier to avoid many of the difficulties of assimilation. But many of the techniques employed may be studied with advantage both to avoid errors as well as to suggest new ways of dealing with the problems of integration.

The objective in most cases is to compress the development of primitive communities, which has ordinarily taken several millennia, into a few decades, without serious violence or disturbance to the people. The first requirement is a study of the behaviour and responses to new stimuli of the remoter tribes and of the long-term effects of new influences on their health and living. It has to be followed by appropriate measures to train the peoples in new ways of work through which they can make themselves useful to themselves and to the larger societies of which they form a part. A good deal of work has been already accomplished by anthropologists, missionaries and social workers, assisted by official teams and grants of financial aid. International specialised agencies are now engaged in active field work which will add to this knowledge and its dissemination. The present I.L.O. survey has provided fairly exhaustive factual basis for the knowledge of the dimensions of the problem in the particular areas chosen.

It is hardly necessary to enter into the finer points of the discussions about the identity of the backward indigenous peoples in these areas. There is no 'a priori' validity about any of the various criteria suggested for distinguishing the cultural groups. In some cases the existence of legal disabilities may help to distinguish these groups but ultimately even where these disabilities disappear, group consciousness, social and linguistic barriers and economic practices prevent the full participation of indigenous peoples in the national economy and culture. In India, for example, the number of all the people legally scheduled as backward is larger than that of the special groups who keep up distinct ways of life like the Assam Hill Tribes, the Todas and so on. In the American continent the total population classified as Indians is estimated at 16.2 millions (besides persons of mixed descent of 34.4 millions). Though this is double the estimated population of 'Indians' in 1825 of 8.6 millions, it is only slightly in excess of the estimated 'Indian' population at the end of the fifteenth century, when the Age of Discovery commenced, which was about 13.4 millions. These estimates at various periods illustrate the vicissitudes of the American Indians. Today these Indians almost entirely live in Central and South America; there are only 362,000 in the U.S.A. and 128,000 in Canada. Similarly, in a relatively well-developed country like Australia, about 72,000 people are classified as aboriginals and half castes; their numbers have declined from the estimated population of 251,000 at the time of colonisation. In New Zealand the Maoris number about 115,000.

The bulk of these indigenous people, therefore, live in the underdeveloped economies of South and Central America (15.7 millions) and in Asia. In Burma, there are about 3 millions. In India, of a total of 25 million backward groups, at least 5 million people belong to the groups for whom a beginning in the process of assimilation has to be made. The size of the primitive population in Indonesia is estimated at 16 millions; in the Philippines it is about a million and in Thailand a million and a half.

* Indigenous Peoples: International Labour Office (Studies and Reports. New Series No. 35) Geneva 1953. Price Rs. 16.

The conditions in which these people live vary widely and the problems are diverse as they spring from various tribal customs and the climatic and soil conditions of the areas into which they have been driven into seclusion. Some are of outstanding importance like the excessive indulgence in alcohol and cocaism in South America. The backwardness in health, nutrition and illiteracy is perhaps not far worse among these peoples than it is in relation to the rest of the population of the countries. But new ways can be fostered through better attention to food supplies, housing and living conditions and to the provision of new occupations. Indeed, the change in occupational habits may well prove the instrument of the general uplift that is to be attempted among these peoples. Agriculture and stockraising are the most important occupations; there are predatory systems of agriculture like the 'Caingin' cultivation in the Philippines and the 'jhuming' in Assam which have to be regulated. Subsidiary occupations like weaving, woodwork, fishing and leather work—for all of which there is sufficient knowledge of basic skills among the tribes and which are now utilised only for subsistence purposes—can be extended.

The I.L.O. Survey has made a compendium of the social and economic policies of the various governments based on official information. However, it does not provide a critical appraisal of the implementation of these policies. At best, most of them express benevolent intentions rather than concrete achievement. On the other hand, there is growing interest in the work of international agencies. The United Nations Technical Assistance scheme for the indigenous people of the Andean High Plateau (involving Bolivia, Ecuador and Peru) constitutes a beginning in more realistic activity which in time will have to be extended to make indigenous populations "find their rightful place beside their fellow citizens in the economic and social life of the nation". But all these activities require a constant stream of objective and critical scrutiny, for which one must look to non-official sources.

CRISIS TIME FOR SUGAR

THE sugar industry, which has been India's most crisis-ridden industry, is now facing another of its periodical trials in the decision of the sugarcane producers of U.P. to withhold supplies of cane to factories unless the price of cane is raised to Rs. 1-12 per maund. The logic of this demand is not difficult to understand. The price of cane, which was regulated by the minimum prices fixed by the Central Government for deliveries to factories, was reduced in 1952-53 in order to enable a gradual reduction in the selling prices of sugar, which have ruled very high since 1947-48 because of high cane prices. At the beginning of the 1952-53 season there was a sales problem for the additional sugar produced in the earlier season, which compelled this rather belated attention to the consumer's angle on sugar prices, and even extended to proposals for export of certain quantities of sugar, if necessary at subsidized prices. There was, however, no immediate relief to the consumer because of a special excise duty levied to tide over the financial losses of the change to a lower price. By the end of the season it had become evident that the fears of a glut were unwarranted and that the internal market could absorb the additional production at prices even above the official controlled price of Rs. 27 per maund.

In this background, the sugar policy for 1953-54 had to contend with the fact that a much larger sugar production can be maintained in future without difficulties of absorption at prevailing prices. The larger supplies of cane required for the purpose required the stimulus of high prices. Such prices had to be competitive with gur prices on the one hand, and, on the other, maintain their relationship with the final price of manufactured sugar, in the manner customary hitherto. A higher price for cane was, therefore, deemed necessary and was accordingly accepted. The minimum price for sugarcane payable by vacuum pan factories was fixed at Rs. 1-7 per maund for gate deliveries and Rs. 1-5 per maund for deliveries at rail centres, against Rs. 1-5 and Rs. 1-3 respectively, prescribed for 1952-53. In order to assure continuity in policy, it was also announced that these prices would be maintained not only in the current season (1953-54) but also in 1954-55. There was no consequent change in the nominal official controlled price of sugar of Rs. 27 per maund. The Government agreed to forego the special excise duty of one rupee, which should in any case have been abolished. The sugar mills agreed to forego As. 4 from their profits to keep this price unchanged, apparently assured of the unlikelihood of this sacrifice being actually imposed. Actually, the ruling prices of sugar have been very much higher than the official price in relation to which cane prices have been fixed. The reaction of the cane-growers to this situation is to assert their claims, if the primary assumption in lowering cane prices (on the basis of the ex-factory price of Rs. 27 per maund) is not to be honoured in practice.

The actual effect of their demand for fixing the cane price at Rs. 1-12 per maund would be that the Government and the consumer should reconcile themselves to a permanent increase of over Rs. 3 per maund in sugar price, thereby freezing it at the present high levels. This would, however, be opposed to the ostensible goal of Government policy which is to explore the scope for reducing sugar prices even below Rs. 27 per maund, to the extent possible. The Government cannot, therefore, accept that an upward trend in sugar prices, which provides fortuitous profits to industry, should be stabilised so as to make these gains permanent and enable the cane-growers also to secure larger shares. An alternative, therefore, which is being contemplated is to compel industry to share its booty with the cane-grower so that it can hush the present clamour, while the Government procrastinates in initiating those solutions for the sugar industry's problems which were suggested as early as 1950 by the Tariff Board in its very exhaustive report.

The role of imports, the function of which is to prevent prices from rising to unduly high levels, has so far been marginal. The total imports of about 245,000 tons for this season can, at the present rate of internal production, only supplement the deficiency in the total supply needed, judged by the level of consumption in the last season. Moreover, the price of imported sugar has been maintained higher than the actual landed cost in order to equalise it with the price of Indian sugar (thereby yielding a surplus of about Rs. 3 crores to the exchequer in the transaction). The sale price of imported sugar has been fixed at Rs. 31 per maund for Saurashtra, Bombay, Madras and Cochin ports and Rs. 29-4 per maund for Calcutta port, in parity with the landed cost of U.P. and Bihar sugar on the basis of a fair ex-factory price of Rs. 27 per maund. Thus, so far as current production and marketing operations are concerned the sugar industry has been protected by the lower cane prices on the one hand and higher prices of imported sugar on the other with the natural result that the sugar industry has been made the target of attack both from the consumer's and the cane-growers' points of view. But while the consumer waits for the relief for which hopes have been held out since the Tariff Board Report of 1950, the cane-growers' interests have become the playground of party politics.

The solution to the present impasse which will presumably be discussed at the meeting of the Sugar Cane Research Conference at Jullundur on February 7, may only relate to the question of fixing a share in the profits of the industry acceptable to the industry and cane-growers. The Union Food Minister and the Chief Minister of U.P. have been thinking only in these terms. As a temporary solution it may have some value but temporary solutions very often have the quality of creating precedents which have permanent influences. Whether the benefit to the cane-grower is given in the shape of a higher price or through profit-sharing, permanent interests will be created in the maintenance of the high prices of sugar which will go contrary to the long-term policy for the sugar industry. The resistance all along to cheaper sugar has been built into the structure of the sugar industry only through the cane policy of the State Governments and the minimum prices which have determined nearly 60 per cent of the final price of sugar. That process will only be accentuated. One more unfortunate precedent will be created because of a temporary situation, which will further complicate the situation, whatever be the basis of the system of profit-sharing to be introduced. There is no assurance that this principle of recognising a claim on profits, now based on one-sided regulation of price, will not, in time, be extended to other situations when profits may be higher in certain years due to other economies or development of by-products such as are under contemplation. Pending the revision of the Srivastava formula for price-fixing which is under consideration, there seems no reason to change the status quo in this matter.

The logical course would, therefore, be to end this one-sided regulation of prices which is at the bottom of all the trouble, and decontrol sugarcane prices also so that cane-growers can take the best with the bad. The policy of feather-bedding the cane-grower has gone on long enough now to make him sufficiently strong to hold his own in the market. The situation has always been such that gur-making and supply to factories have provided two equally good markets for his produce and the former has more often proved more attractive than the latter. The danger of sugar factories forcing lower prices on growers without minimum prices does not exist; the real minimum price is the profitability of gur manufacture and occasionally it is also the maximum. Moreover, all the benefits so far derived by the growers and the additional income to the State Governments by the levy of a host of imposts on cane supplies have not led to the development of cane-growing in quality or quantity so that little justification exists for the demands of cane-growers. On the contrary, the only danger of decontrol is the possibility of cane prices increasing higher and keeping up sugar prices also at a high level to the detriment of the consumer.

At this point, the general interest in the price level and the interests of the consumer can dictate a bolder course of maintaining prices through imports. Sugar production in the world is now higher and the trend of prices is downward. With the present foreign exchange position of the country, there can be no difficulty in procuring adequate supplies at reasonable prices. Free imports must be the new weapon for regulation of sugar prices. Though protection has been withdrawn from the sugar industry, an indirect advantage to Indian industry can be maintained so long as an import duty can be levied for revenue purposes. The best course would, therefore, be to abolish the artificial price regulation of imports by the Government and let ordinary commercial channels determine prices, after licences are issued freely, subject only to the levy of a fixed import duty. It is for the sugar industry, and for the cane-growers to adjust themselves to this situation. When all the incentives provided for improvement of quality and quantity in cane output have failed and all persuasion wasted on State Governments to avoid misappropriation of cane development funds, one may hope that exposure to the winds of competition may bring about a sense of realism.

The long-term policy towards the industry still remains unfulfilled. If there are windfall profits at the present time because of one-sided regulation, it is a proper occasion for enforcing on the industry the responsibility to provide the funds it has been seeking for its own rehabilitation, including the programme for the shifting of factories to areas with better cane supplies. It is the consumer who has borne the burden, and the cane-growers cannot deny it. Since the Government has accepted some share of responsibility for finding the outlay needed by the industry, there is reason why it should intervene to allocate the additional earnings for purposes of development on the lines now accepted all round as being in the national interest. To allocate it to any particular group will mean favouring further a sectional interest which has at no time in recent history been neglected or jeopardised. This stands to reason. But the queer brand of State politics in U.P. has always bedevilled the question and may still continue to do so.

THE CENTRAL BANK OF INDIA, LIMITED

(*Established December*, 1911)

Head Office: Mahatma Gandhi Road, Fort, Bombay-1.

Authorised Capital	**Rs.**	**6,30,00,000**
Issued Capital	„	**5,77,50,000**
Subscribed Capital	„	**5,76,66,125**
Paid-up Capital	„	**3,14,54,250**
Reserve Fund and Other Reserves	„	**3,99,79,642**
Deposits as at 30-12-53	„	**1,18,19,74,654**

DIRECTORS:

Sir Homi Mody, K.B.E. (Chairman)
Dinshaw D. Romer, Esq.
Bapuji D. Lam, Esq.
Dharamsey Mulraj Khatau, Esq.
Cooverji Hormusji Bhabha, Esq.
Manmohandas Madhavdas Amersey, Esq.
C. P. Wadia, Esq.
H. C. Captain, Esq. (Managing Director)

Branches and Pay Offices in all important cities and towns of India, Pakistan, Burma and in London.

London Branch:
159, Fenchurch Street, London, E. C. 3

New York Agents:
The Guaranty Trust Co., of New York.
The Chase National Bank of the City of New York.

Banking business of every description transacted on terms which may be ascertained on application.

H. C. CAPTAIN,
Managing Director.

THE BUSINESS WORLD

OUTLOOK FOR DOLLAR PRICES

The reaction in the Bombay Cotton Market to the Government of India's announcement that United States cotton stapling 1-1/6 or more will be licensed freely against prior sales to the mills has been quite noticeable recently. The February contract moved about twenty rupees down and although the decisions which are still to be announced—whether payment can be made in rupees and the new import policy itself—may subsequently affect the prices of cotton, the instance of this commodity raises some important issues regarding the future of dollar prices generally.

The position of some individual commodities in which India is interested is analysed in the paragraphs which follow, in the light of the latest decisions on farm policy in the United States.

Cotton. After the 1954 crop, price support is to be adjusted to supply, modernised parity is to come into force in about two years from now (Jan. 1, 1956) and there is to be no requirement that the maximum use be made of production restrictions before support is used. On the assumption that acreage and production restriction in the new conditions will respond inversely to prices, production being maintained or even increased as prices fall, the outlook can, therefore, be bearish, in spite of the promise that a substantial part of the crop can go into the emergency reserve. Stocks at the end of August this year are expected to approximate to about one year's requirements.

Wheat. The position is more or less the same as for cotton, except that the transition to modernised parity after the 1st January, 1956, will be in easier stages.

Rice. Mandatory price supports are to expire after this year's crop.

Corn. The position is to be the same as for wheat, except for two changes, namely, first, that within the limits of the parity minimum and maximum points, adjustment of changes in the support price to the supply are to be greater, and secondly, that the carry-over allowance is to be increased.

Oilseeds. Little change.

Groundnut. Support is to become flexible from the 1st January, 1955, and parity is to be modernised from the 1st January, 1956, the transition to the new parity being in easy changes to be introduced from this date.

Tobacco. No change.

Wool. Domestic prices in the United States are to find their level and flat direct payments within the ceiling of the tariff earnings from wool are to be made.

This summarises the new farm-support plan in so far as India is interested. It will be unrealistic to think that the policy as proposed by the executive will just go through. The C.I.O. has already come out against it and so has the National Farmers' Union. In considering the long-term outlook for dollar agricultural prices, however, a few facts which have a generally bearish significance should be borne in mind.

Firstly, financial limitations which make the changes in support prices and parities necessary will prove to be no less compelling than politics. The new programme can, therefore, be trimmed or marginally altered. But it cannot be radically changed—which means that both parities and supports are bound to move down.

Secondly, the theory of the new policy is that flexible support, as compared with the present rigid requirements, will lead to changes in supply so as to adjust supply to demand—thus relieving the burden which is thrown on the State. If this theory is proved, there will not be a movement generally to lower levels of prices. But an important question is whether it will be proved. It is now widely held that the changes which do take place in supply may be to increase production and availabilities so as to keep up farm incomes. In the light of historical experience this is very definitely one of the possibilities.

Thirdly, the general trend of world agricultural prices is also not irrelevant. On a base of 1935-39, world production has been estimated outside the Russian orbit at an index figure of 110.4 in 1953-54, compared with 109.4 and 105.8 in the preceding two years. This increase in world production, if maintained, can hardly fail to affect agricultural prices in the dollar area.

In the result, the general trend of farm prices in the dollar area must definitely be expected to be bearish in the relatively short-term future, in so far as it can be foreseen at this stage. The prices and availabilities will be easy. But because of farm support on the reduced scale, prices cannot break. This is a natural result which will be well in line with other developments elsewhere in the world, for if the United States objects to stock-piles and international agreements as a means of propping up prices artificially, it is only just and proper that it should take at home the first steps towards applying the same principles. It should be able to demonstrate its faith in a free market—before or while free markets are being established abroad.

THE STATE OF ROAD TRANSPORT

By

CROESUS

Transport interests in Bombay are happy to find that, in the midst of the bustle of the Kalyani session of the Indian National Congress, Mr. Jawaharlal Nehru could find time to preside over an informal conference to discuss the all-important problem of transport. While no reports have been made in the daily Press about what transpired at this conference, it is reliably understood that Mr. Nehru agreed that the transport question was a very urgent one and, further, that he undertook to have the question carefully examined without any delay. This is, indeed, very heartening.

It is wisdom, as the adage goes, to strike the iron while it is hot. Mr. E. A. Nadirshah, President of the Indian Roads and Transport Development Association, has lost no time, therefore, to seize the occasion to issue a statement on the main causes that are handicapping the development of road transport in this country.

According to Mr. Nadirshah, there are three main obstacles that have been hampering road transport during the past few years. These are: (i) the restrictions under the Motor Vehicles Act, which take the shape of the use, by Regional Transport Authorities, of their discretionary powers not only for refusing permits for new vehicles but also for curtailing inter-regional and inter-State operation of goods lorries; (ii) the crippling taxes on road transport, especially on goods transport; and (iii) the sense of insecurity engendered by loose and frequent talks of nationalisation.

Pointing out that the whole basis underlying the regulation of motor transport has changed radically since the enactment of the Indian Motor Vehicles Act of 1939, Mr. Nadirshah observes that the powers given to the Regional Transport Authorities to restrict road transport so as to prevent competition with the railways have become obsolete, now that the conditions which influenced the recommendations of the Wedgwood Committee in 1937 no longer operate. Gone are the days when the railways used to languish through idle capacity and lack of traffic, as the Committee found them. However, the Regional Transport Authorities do not appear to have taken note of the changes since, judging from the excessive control and the undue restrictions they have been imposing on road transport. These twin evils of control and restrictions have brought about the present transport bottleneck. Today, as everyone knows, the traffic that is offering exceeds by a very large margin the total physical capacity of the railways and yet, thanks to the Motor Vehicles Act and the Regional Transport Authorities, road transport is prevented from supplementing the capacity of the railways and taking care of the surplus traffic.

The I.R.T.D.A. President has also alluded to the very heavy incidence of taxation on road transport. He points out that the cumulative incidence of the Central, State and local taxation on vehicles, on petrol and on goods in transit, amounts today to 24 pies per ton-mile, which is more than double the cost to the railways of carrying their commodities. Prior to the Second World War, it may be noted here, the tax incidence was less than 6 pies per ton-mile, and even this rate, be it noted, was regarded by an expert committee on transport, namely the Technical Sub-Committee of Policy Committee on Transport, as being far heavier than that required for the provision of roads and as smacking of discrimination, maybe unwittingly, against road transport. It is noteworthy that this committee further emphasised that the authorities should hold the scales even as between different forms of transport and that they should not single out one form of transport for any sort of discrimination or disability. The case, thus, for freeing road transport from its load of crippling taxes, if only to enable it to serve the country and to ensure the success of the Five-Year Plan, is very clear.

At this point, it would perhaps be interesting to see what attitude the Government will take in view of the peculiar position that obtains now, namely, the existence of State Government Transport in more than one State alongside of private carriers. Since, in a number of cases, the State Transport is under the authority of statutory corporations, it remains to be seen whether these corporations will also join with road transport interests in pressing the case for a relief from the excessive burden on taxation that obtains today.

Although it is well known that enough traffic is offering on the roads these days, ironically enough, few people are prepared to put new vehicles on the roads. This can only be explained by the apprehensions about the extent of nationalisation of goods transport by road. Hundreds of private operators, states Mr. Nadirshah, will come forward to put new vehicles on the roads, if only they can be assured that goods transport will not be nationalised and that their capital will not be turned into dead assets. On the other hand, whether for want of resources or for some other reason, even those State Governments which have taken over passenger transport, are now known to be not very eager to extend nationalisation to freight transport. If this is the case, there is no reason why the authorities should not give an unequivocal assurance that, for another ten years to come, there will be no nationalisation of goods transport.

In this connection, while the resolution placed before the meeting of Congress Legislators at Kalyani should be helpful, one feels that it does not go far enough. For the resolution does not specifically demand such an assurance but it contents itself with urging all State Governments, as an emergency measure, to liberalise the road transport policy, to issue permits freely to trucks for transport of goods and to remove restrictions on inter-regional and inter-State operations, notwithstanding their nationalisation programme. A mere emergency measure on these lines may not have the desired effect. It is imperative, therefore, to have a categorical statement of assurance by the authorities that the private sector in road transport will not be displaced for a period of at least ten years.

Before I conclude, I feel that I ought to draw attention to an interesting suggestion that has been made by Mr. N. Salivateeswaran, the Bombay M.L.A., to the meeting of the Congress Legislators in question in order to reduce the tax burden on road transport. The suggestion, which does not need further comment, is as follows:

"The Central Government, which today collects 40 and odd crores of rupees as its share of taxes, should guarantee or grant a subvention to the State Governments to the tune of Rs. 9 to 10 crores, that is 50 per cent of the amounts collected by the State Governments, so that the State Governments might reduce the State taxes by 50 per cent and the local bodies might abolish octroi and terminal taxes. The reduction of the State and local body taxes will lead to the expansion of motor transport by greatly increasing the number of vehicles on the roads. (According to one transport authority, the number of vehicles on the roads would have automatically doubled by this time but for the Motor Vehicles Act.) A reduction in the taxation would lead to more trucks. It would also go a long way towards covering any fall in the taxation revenue. A guarantee of Rs. 9 and odd crores, so far as the Centre is concerned, is not a big effort. With the expansion of road transport, the increased revenue due to increased consumption would work out to more than this amount. Actually, therefore, the Centre does not stand to lose anything in the long run. The State Governments and local bodies too would not lose anything, in view of the proposed subvention or guarantee from the Centre. And the cumulative effect of it all would be that motor transport trade would flourish and the present bottleneck in transport would be removed. At the same time, there would be more employment, and more trade, leading to the all round prosperity of the country."

BUSINESS NOTES

EXPORT OF RAW WOOL

The third instalment in the declaration of policy for export of wool was announced last week. It seeks to liberalise the quota allowed for export by a quantity equal to one-tenth of the quantity for which licences for export up to February have been granted already in November and December. Since these licensees constitute the established shippers, provision has been made in the new allotment of January 28, to accommodate other shippers or traders. These latter include shippers who effected exports during specified periods of the last three years and traders who had direct transactions of sales with exporters. The quantity released for this category not coming under the description of established shippers has not been disclosed so far, but it is limited. Liberalisation has thus been extended in respect of quota as well as the types of quota-holders.

The exception taken to this procedure by the All-India Wool Trade Federation relates to the allocation of quantity as well as to the procedure of licensing. The Federation desires to have the entire exportable quantity for the wool year being licenced at one time to eliminate uncertainty, complications and fluctuations in the trade and similarly it wants licensing on the basis of first come first served formula. The ad hoc machinery which was set up last December by the Central Commerce and Industry Ministry (representing the Central and concerned State Governments as well as the trade) has realised the unsatisfactory nature of statistics regarding wool output, home requirements and available exportable surplus. The surplus for the current wool year has been reckoned at 25 million or roughly 1.5 million lbs. below the last year. Ad hoc quota allocation was inevitable in this situation. The procedure of licensing appears to be meant to accommodate a wide class of claimants in view of the necessity of adopting an ad hoc basis for the year's exports.

CEMENT PRICES

Government's decision on the Tariff Commission's recommendations on cement prices which is now announced shows that the levels suggested by the Commission have been subjected to some reduction. While this decision has proved somewhat depressing to different units in varying degrees, the prices now fixed have not evoked adverse reaction in other quarters. The Tariff Commission's scheme in brief was to fix the basic price of cement for all manufacturers in relation to the production costs of A.C.C. and peg it for unpacked cement at Rs. 72 per ton f.o.r. destination. To this was to be added an extra price of Rs. 8 per ton for Digvijay, India Cement, and Travancore Cement, and in the case of Mysore Iron and Steel Works the extra charge was to be lower at Rs. 5 per ton. These price differentials were intended to meet the claims of varying costs of production. The prices actually fixed by Government reveal that Rs. 71 per ton are conceded to the older units and different prices ranging between Rs. 72 and Rs. 79 per ton for other units. Sone Valley which has chosen to stand aloof from the scheme of the rehabilitation fund has to sustain a decrease of Rs. 4 per ton.

The ceiling prices for destination for unpacked cement chargeable by different producers will be as follows: Rs. 75-8 per ton for Digvijay Cement Company, Jamnagar; Rs. 75 per ton for India Cements Ltd. and Orissa Cements Ltd., Rajganpur; Rs. 72 per ton for Mysore Iron and Steel Works; Rs. 79 per ton for Travancore Cements Ltd.; Rs. 67 per ton for Sone Valley Portland Cement Company which has not agreed to the condition regarding earmarking of Rs. 2 per ton for rehabilitation and expansion purposes; Rs. 71 per ton for the following companies, namely, Associated Cement Companies Ltd., Dalmianagar, Kalyanpur Lime and Cement Company Ltd., Banjari (Bihar), Dalmia Dadri Cement Ltd., Dalmia Dadri and Dalmia Cement Bharat Ltd., Dalmiapuram and Rs. 74-8 per ton for Jaipur Udyog Ltd., Sawaimadhopur, pending further examination of their costs. These prices will take effect from February 8, 1954. Packing charges for the current quarter, according to the recommendation of the Tariff Commission, work out to a flat rate of Rs. 11-9 per ton of cement. These packing charges are applicable for cement packed in new bags only. Charges for packing in old bags are subject to settlement between the buyer and the seller.

DEVELOPMENT COUNCIL FOR BICYCLES

The Development Council for the Bicycle Industry, which was inaugurated on January 29th, has come into existence at an appropriate time when the condition of this industry requires intelligent guidance through a difficult phase of growth. Though considerable progress has been registered on the score of quality, considerations of competitive strength make the policy of protective duty and import restriction imperative for some time more. There is enough evidence that the industry is anxious to bring protection to an early termination and precisely for the realisation of this object improvement in price and quality needs to be achieved as early as practicable.

The present production capacity of the six units, on the basis of single-shift working, of 4,17,500 bicycles, coupled with the capacity of the two projected new units of 80,000 bicycles, falls short of the estimated demand of 5 lakh bicycles. But the gap between actual capacity and production in 1953 was of the order of 1,53,300 bicycles, the last year being particularly good for production performance. The potential demand for this poor man's vehicle is considerably high and it is bound to go up as standards of living improve, but its exploitation by the home industry will be conditioned principally by its capacity to achieve lower production costs. It will be the primary task of the Development Council to co-ordinate production programmes of the different units and induce them to rationalise production methods by introducing adequate facilities for testing, inspection on strict standards and continuous research. Progressive improvement will need prescription of norms of efficiency. Large units and units functioning in collaboration with foreign producers may find compliance with such directions relatively easy, but the real problem will be for the smaller units which cannot bear the expenditure of maintaining testing equipment to ensure sustenance of quality. They will constitute the special charge of the Council. The small units (numbering over 24) engaged in the manufacture of parts and accessories are waging an arduous struggle for existence and expansion. They will need careful nursing. While prejudice against indigenous product is a strong factor that retards the progress of domestic manufacture of components, the prevalence of defects in them need not be denied. Lack of adequate standardisation is prominent among them. Besides, a wide range of components and raw materials which are now being imported will have to be manufactured at home. They include tubing, steel strips, bright bars, free cutting steel, free-wheels, and so forth. The Council will have to satisfy these and similar tests of its efficiency and utility.

PRIVATE REQUIREMENTS OF CAPITAL

It is open to serious question whether the requirements of the private sector for investment have been properly assessed in the first Five-Year Plan, but even apart from this doubt, it is obvious that this question of equity capital, which is under investigation by the Shroff Committee, should be given the most careful thought in view of the emphasis which the second Five-Year Plan will place on industrialisation. The depreciation funds, which are found to be grossly inadequate in relation to the high costs of replacement, and the available cash resources of industry including E.P.T. deposits have been severely depleted to fulfil the needs of renovation and expansion.

Since this basic aspect of the problem of augmenting the resources of capital for private investment has arrested attention now, Lala Karamchand Thapar has offered certain constructive proposals to help in its solution. In his presidential speech at the last quarterly general meeting of the Indian Chamber of Commerce, Calcutta, he emphasised how the role of the Industrial Finance Corporation as a source of supply of industrial capital in the long-term can be made more effective than at present. His suggestions in this behalf include raising the lending capacity of the Corporation to Rs. 200 crores with a simultaneous increase in the ceiling for individual loans by 200 per cent above the current limit. He also urges that some flexibility should be imparted to the terms on which the loans are advanced and suggests that the rigid and uniform rate of interest at 6½ per cent should be tempered in accordance with the nature of the security offered. The terms of repayment, he suggests, should be modified in relation to the nature and profit-earning capacity of the industry as well as the reputation of the party concerned. The inroads which the public sector makes upon the capital resources of institutional investors, he states, need to be restrained. About 75 per cent of the investments of insurance companies are channelled into Government and semi-Government securities. The small share of investment in private enterprise which is left for insurance companies raises a strong query whether the rigid restriction put on their discretion should not be relaxed.

The development of the bill market needs greater conscious direction and in addition to it Lala Karamchand Thapar makes other suggestions to increase the resources of short-term capital. This is basically the function of the commercial banks. He emphasises that in addition to the exploration of rural resources for bank deposits by a spread of bank branches in the small towns, Government should help to strengthen confidence in banks by depositing its own funds as well as those of public undertakings in banks. The expansion of lendable funds should be matched by a liberal policy of advances.

PROTECTION FOR SHEET GLASS

The review of the progress of the indigenous sheet glass industry, since the grant of protection for the first time in 1950 made by the Chairman of the Tariff Commission, Mr. M. D. Bhat, at the opening of the enquiry into the industry's claim for continuance of protection, suggests doubts in his mind, how far protection has been put to good use by it. The request for continuance of protection will very possibly be conceded, but the Chairman's frank remark that the industry would be on trial implies that weak spots will need earnest efforts for prompt and tangible improvement. The really weak spot, according to importers as well as consumers, is the quality of the product. This view has been corroborated by the enumeration of a number of defects in the finished products. To add to these, the state of grading is hardly satisfactory and packing which is important in view of the risk of breakage leaves much to be desired. Improvement must in the first instance be directed to the elimination of grievances on these counts.

In other respects, it would appear that the industry is pursuing a course of continuous progress. The present installed capacity of the three units of 64.6 million sq. ft. will be raised to 85.6 million sq. ft. when Hindustan-Pilkinton Glass Works go into production. Actual production has registered an increase from 9.4 million sq. ft. in 1950 to output at an annual rate of 17 million sq. ft. in 1953. Imports were high at 31.19 million sq. ft. in 1951, but since then they have been brought under control and the quantity purchased from abroad in the first eight months of 1953 was 4.31 million sq. ft. As against this total available supply, the demand is estimated to rise to 39 million sq. miles in the course of the next four years. If this estimate proves correct, considerable scope would be offered to narrow down the gap between indigenous installed capacity and actual output. The price factor seems to indicate consideration on the merits of cases of individual units. Location which has invited special problems of transport is one major ingredient in this complex factor.

It should be seriously considered whether the status quo was really altered when protection was first granted in 1950. What was then done was to convert the revenue duty of 45 per cent into a protective duty. But the rebate of import duty on soda ash was withdrawn to the positive disadvantage of the industry. The increase of 2½ per cent in the rate of the protective duty next year was a consequential change following the levy of a surcharge of 5 per cent on all import duties and its benefit was offset by the higher duty on imported raw materials. Continuance of protection from January 1955, therefore, would amount to continuance of the state of affairs prevailing over the past several years. The industry's claim for assistance in other directions merits careful but sympathetic consideration. The aids requested are restoration of rebate of duty on imported soda ash, concessional station-to-station railway freight rates on raw materials and finished glass sheets and upgrading of the priority for movements of coal and finished products by rail.

MANUFACTURE OF RAILWAY COACHES

The tardy preliminaries in setting up the long-advertised integral coach-building factory at Perambur, it seems, will be brought to an end by December this year. Tenders for the supply of plant and machinery which are already advertised will be settled in the next few weeks. Their total value is placed at Rs. 1.5 crores. The deputation of an official of the Railway Board to Europe to finalise this question in consultation with the participating Swiss firm next week promises that the preparatory plans will be executed without much delay. Action to procure part of the machinery has already been taken and it includes orders for steel placed on Tatas. With the end of the current financial year, three years will have elapsed since the Perambur project was taken in hand. The tempo of implementation took long to gather momentum and it cannot be blamed on provision of finance. It is, however, somewhat reassuring that energy is being exhibited now in the execution of the scheme. In the course probably of the next month, according to current plan, a school is to be established for the training of Indians in coach construction under the personal direction of two technicians of the Swiss firm. If all these arrangements go through according to schedule, the indications are that the factory will start production sometime towards the middle of 1955 and the shortage of passenger coaches will be mitigated on a larger scale than hitherto. The target for the factory has been placed initially at 300 integral coaches and 600 underframes.

FREIGHT MARKET

Shipping circles find initial reassuring evidence for the freight market in the current year which would be a relief after the conditions prevailing in the last few months. In the month of January freight rates evinced a steady tone, while chartering operations

maintained a satisfactory tempo and gave indications of a hopeful prospect for the current year. The prospect is bright particularly with reference to the Eastern and Far Eastern waters. Two factors which are primarily responsible for the improved outlook in this area are enquiries of Japanese importers for shipments of food grains and the total lifting of the remaining controls on the import trade by the Australian Government to be effective from April, 1954. During the last month, shortage was experienced in the Eastern waters in respect of vessels for early bookings. Some of the fixtures during January are indicative of the better situation anticipated in the following months. Two February carriers were closed for ore shipment from Calcutta to Japan at sh. 60 per ton f.i.o., which marks a steady rate. Three vessels were contracted for Japan for the transport of ore from Marmugoa at varying rates of $8, $7.98 and $7.70. Some more vessels were fixed for Marmugoa to Antwarp, Bremen and from a neighbouring port of New York. Transport for Indian coal to Japan was fixed at the steady rate of sh. 55 per ton for loading up to the current months. Chartering markets for grain in the U.S. Pacific region witnessed the active role of Japanese shipping.

INDUSTRIAL DISPUTES IN NOVEMBER

Provisional statistics of industrial disputes for the country excepting Andhra and Bihar during November, 1953, show a decrease in the number of disputes, workers involved and man-days lost as compared with the previous month. The total number of disputes during the month was 77 involving 36,485 workers and accounting for a time-loss of 315,305 man-days. The average duration of disputes rose from 5.0 days in October to 8.6 days in November. Nine of the disputes resulted in lockouts which affected 7,576 workers and accounted for a time-loss of 82,939 man-days. Four of these were in Bombay and the rest in West Bengal. Apart from strikes and lockouts resulting from industrial disputes, during the month, there were nine work-stoppages not connected with industrial disputes. Of these, six were in Bombay and the rest in Madras. These disputes involved 12,238 workers and accounted for a time-loss of 15,313 man-days.

Among the States, West Bengal showed considerable improvement as compared with the previous month. Improvement was also noticed in the States of Madhya Pradesh and Uttar Pradesh. Among the industries, the largest time-loss, viz., 70,000 man-days was accounted for by Paper and Printing, mainly due to a continued work-stoppage in the Titaghur Paper Mill in West Bengal. Increased time-losses were noticed in textiles other than cotton and jute; food, drink and tobacco; collieries, transport, plantations, municipalities and miscellaneous industries. The jute mill industry recorded no dispute during the month under review and this is a significant improvement as compared with the previous month. Compared with the previous month, the time-loss in minerals and metals; wood, stone and grass; mines other than coal and ports also was appreciably less.

MOVABLE PROPERTIES OF DISPLACED PERSONS

The Governments of India and Pakistan have decided that personal and household properties of evacuees lying with Custodians or friends and relations should be restored to them and facilities allowed for their removal to the other country.

Restrictions on through booking of such properties of evacuees from one country to the other are being removed and necessary fresh instructions in this connection have already been issued simultaneously in India and Pakistan. There will be no export or import restrictions and no customs duties will be payable.

Facilities will not, however, be provided for the removal of movable property falling under the following categories, and these must be disposed of within the country where the property is restored: (a) Machinery and machine parts other than bonafide personal and house-hold machinery like typewriters, sewing machines, bicycles, refrigerators, radios, motor cars, gramophones, electrical goods, musical instrument, professional instruments, apparatus and equipment; (b) Merchandise and trade goods; (c) Unsewn cloth in excess of what a family may reasonably be deemed to have acquired for normal personal and household use; (d) Cattle; (e) Cloth in excess of normally permitted quantities, and (f) Bullion.

Evacuee owners will be given a period of six months from March 1, 1954, within which to claim restoration or disposal of their movable property. Where evacuee owners are not in a position to arrange for disposal of their properties, such properties may be brought to the headquarters of the diplomatic representative of the evacuee's country, if the latter considers this necessary for further action. All other movable property belonging to evacuee owners will be disposed of by auction by the local custodians in the presence of the diplomatic representative of the other country or his nominee. After deduction of the custodian's fee, sale proceeds of the auction will be passed on to the diplomatic representative or his nominee for disbursement to the evacuee owners concerned.

In respect of movable property other than trade goods and merchandise which are physically taken over by evacuee owners or by the diplomatic representative, neither the custodian's fee nor any storage charges will be recovered.

With regard to the personal and household property left with friends and relations, evacuees will be allowed to remove their property by June 30, 1954 for disposal within India or removal to Pakistan.

Third party claims are admissible only against trade goods and merchandise, and such claims already lodged will be entertained. New claims will be entertained only in respect of charges for storage, those created by courts and from banks in respect of goods pledged or hypothecated with them. The banks should file such claims with the local custodians of evacuee property by March 30, 1954. It must be noted that third party claims are admissible only against the particular business transactions from which they arise and not against other dealings. However, payments already made by the custodian will not be reopened.

With regard to movable property covered by the recent agreement such as seized property including fire-arms, buried treasures, postal parcels and postal savings bank accounts, a separate announcement will be made. The Agreement does not apply to bulk transfer of lockers and safe deposits, the release of shares, securities, debentures and insurance policies held in banks.

NOTICE

Subscribers are requested to mention their Subscription Number (printed on the wrapper) while addressing the office regarding renewal of subscription, change of address or any complaint for prompt attention.

The Manager,
The Eastern Economist,
52, Queensway,
NEW DELHI.



The Mark of

QUALITY ECONOMY & DURABILITY

Our Specialities

* 'Paramsukh' Dhoties
* 'Lakes Beauty' Mulls
* 'Moti Voil'
* Striped Shirtings
* Drills, Addi Cloth
* Cambrics, Longcloth
* Sarees
* 'Century, Batsman' Blankets
* Bld., Striped and Dyed Turkish Towels
* Grey Sheetings
* Black Dyed Venetian Cloth
* Umberella Cloth.

MULTI-COLOURED PRINTED CHINTZ & MULLS
In Various Designs.

THE CENTURY SPG. & MFG. CO., LTD.

Head Office:

Queen's Mansion, Prescot Road, Fort, BOMBAY.

Gram: **Century** Phones: **31904, 30435, 21397**

Managing Agents: **BIRLA BROTHERS LTD.**

HUKUMCHAND JUTE MILLS, LIMITED.

(ESTD. 1919)

HAZINAGAR, NAIHATI (E. RY.), WEST BENGAL

★

Manufacturers of

HIGH CLASS HESSIAN, SACKING, CANVAS, TENTS, TWINE, WEBBING, WOOLLEN BLANKETS, ETC., ETC.

★

Managing Agents :

RAMDUTT RAMKISSENDASS

Head Office:

9, Brabourne Road, CALCUTTA-1

Telephones : BANK 3195 (3 Lines) *Telegrams :* 'JUTIFICIO' Cal.

COMPANY AFFAIRS

CAWNPORE SUGAR WORKS LTD.

The working results of the Cawnpore Sugar Works Ltd. (Managing Agents: Begg Sutherland & Co., Ltd.) for the half-year ended 31st October, 1953, show a satisfactory improvement over the previous year. Total cane crushed improved from 47,11,121 maunds to 59,23,536 maunds because the duration of the season increased from 150 days to 169 days in the case of the Marhowrah factory and from 98 to 132 days in the case of the Gauri factory. In recovery, however, there was a slight deterioration.

The net profit, after providing for both taxation and depreciation, shows an impressive rise from Rs. 5,35,655 for the year 1951-52 to Rs. 11,67,948 during the year under report. The directors have taken the wise decision of transferring Rs. 5,66,203 to the rehabilitation reserve in view of the fact that the cost of replacement of plant and machinery has been steadily going up. Rs. 2,00,000 have been transferred to the "quarters building reserve" in order to extend and modernise the present quarters of the supervisory staff and labour.

The fluctuations in the fortune of the company during the last three years are summarised below:

	1950-51	1951-52	1952-53
Duration of season days (for both the factories)	275	248	301
Total cane crushed (Md.)	50,59,751	41,11,121	59,23,536
Total sugar manufactured (Md.)	5,18,642	4,98,760	6,27,130
Net profit (Rs.)	18,10,464	5,35,655	11,67,948
Provision for depreciation (Rs.)	5,00,000	3,00,000	2,75,000
Provision for taxation (Rs.)	17,50,000	3,50,000	10,50,000

The balance sheet as at 31st October, 1953, shows that the total reserves of the company at Rs. 62,99,665 are more than two and a half times the issued and subscribed capital of Rs. 25,00,000. Total block account stands at Rs. 96,64,753. The accumulated depreciation is as high as Rs. 78,07,451.

SHREE GOPAL PAPER MILLS LTD.

The report of the directors of Shree Gopal Paper Mills Ltd. (Managing Agents: Messrs Karam Chand Thapar & Bros. Ltd.) for the half-year ended 30th June, 1953, discloses a sizable improvement in total output of paper as compared with the corresponding six months of the year 1952. With the completion of the long-term expansion scheme, sanction for which has already been received from the Government of India, the paper production of the mills is expected to increase by more than a hundred per cent.

The audited accounts for the period under reference show a slight gain in gross profits as compared with the , preceding half-year from Rs. 27,13,200 to Rs. 28,50,859. The directors have stepped up the provision for depreciation from Rs. 3,71,123 to Rs. 5,10,779. The provision for taxation at Rs. 8,10,000 is slightly less than that of the preceding accounting period. The ordinary dividend has been maintained at 15 per cent per annum.

The progress of the mills during the last three half-years is tabulated below:

Period ended	June 1952	Dec. 1952	June 1953
Paper output (tons) ..	5,188	6,004	5,721
Net profit (Rs.) ..	10,46,321	11,80,214	11,52,642
Depreciation (Rs.) ..	2,81,063	3,71,123	5,10,799
Taxation (Rs.) ..	7,50,000	8,35,000	8,10,000
Dividend (Ordinary) per cent per annum	15	15	15

The balance sheet shows the gross block at Rs. 108.50 lakhs. Total depreciations provided so far amount to Rs. 61.39 lakhs, with the result that the net block comes to Rs. 47.24 lakhs only. As against the total subscribed capital of Rs. 57.56 lakhs the reserves stand at Rs. 71.17 lakhs.

THE PUNJAB NATIONAL BANK LTD.

The working of the Punjab National Bank Ltd. for 1953 reveals, subject to audit, all round progress during the year. The total assets of the Bank exceed Rs. 79 crores. The deposits of the Bank at over Rs. 65 crores have increased by more than Rs. 6 crores during the year and by Rs. 3 crores over the figure as at 30th June, 1953.

The profits of the Bank have also shown an increase of Rs. 5.74 lakhs over its profits for 1952. The amount at disposal together with a sum of Rs. 1.92 lakhs brought forward from the previous year totals Rs. 41.79 lakhs.

The results of the working of the Bank for the year 1953 are really commendable.

BENARES ELECTRIC LIGHT AND POWER CO., LTD.

The directors' report of the Benares Electric Light and Power Co., Ltd., (Managing Agents: Messrs. Martin Burn Ltd.) for the half-year ended 30th June, 1953, shows an appreciable increase in the number of units sold from 9,926,818 for the half-year ended 31st December, 1952 to 10,983,183 during the half-year under report. The revenue realised from light and power loads shows only a nominal decrease from Rs. 14,50,157 to Rs. 14,38,649. In order to assist in providing funds for the cost of additional mains and services to meet the obligations, the directors have set aside a sum of Rs. 55,000.

The profit and loss account shows a profit of Rs. 1,44,729 after providing for taxation, depreciation, etc. The directors have recommended a dividend of 10 per cent per annum and an additional payment of two annas per share absorbing Rs. 1,06,244. The balance of Rs. 38,035 is proposed to be carried forward.

THE BANK OF BARODA LTD.

The profit of the Bank of Baroda Ltd. for the year 1953, subject to audit, including the sum of Rs. 2,38,382 brought forward amounts to Rs. 24,83,389. The ad-interim dividend paid earlier at the rate of 10 per cent per annum, free of income-tax, absorbed Rs. 5,00,000. The directors have provided Rs. 3,00,000 for taxation; Rs. 1,50,000 for the investment account and Rs. 6,00,000 for bonus to the staff. It has been proposed to pay a final dividend at the rate of 10 per cent per annum, free of income-tax, amounting to Rs. 5,00,000 and a bonus of one rupee per share free of income-tax amounting to Rs. 2,00,000. The balance of Rs. 2,33,389 is proposed to be carried forward.

COMMODITY NEWS AND NOTES

SECOND COTTON ESTIMATE

The all-India second estimate of cotton, 1953-54 puts the area at 12,956,000 acres as against 12,174,000 acres of the adjusted corresponding estimate of last year, thereby showing an increase of 782,000 acres or 6.4 per cent. Details according to trade description for the current and last years' estimates, are given below:

Variety	Area (thousand acres) 1952-53	1953-54
Long staple	2,948	3,303
Medium staple	5,411	5,619
Short staple	3,815	4,034
TOTAL	12,174	12,956

This estimate covers the period up to the end of September 1953. Till then, the condition of the crop was reported to be generally satisfactory.

FIRST MAIZE ESTIMATE

The all-India first estimate of maize, 1953-54 puts the current year's area at 8,464,000 acres as against 7,764,000 acres in the adjusted first estimate for 1952-53. This shows an increase of 700,000 acres or 9 per cent in area over 1952-53. This estimate covers the period up to the middle of October 1953. Till then, the condition of the crop was reported to be generally satisfactory. In North Bihar and parts of Bombay, however, the crop was slightly damaged due to floods or excessive rainfall. This estimate does not cover the total area sown to maize during 1953-54. Past experience has shown that the area at the first estimate stage forms roughly 90 per cent of the area under the crop finally reported.

SECOND GROUNDNUT ESTIMATE

The all-India second estimate of groundnut 1953-54 puts the area at 9,655,000 acres as against 9,501,000 acres in the corresponding adjusted estimate of last year. This shows an increase of 154,000 acres or 1.6 per cent in area. This estimate covers the period generally up to the end of September 1953. Till then, the condition of the crop was reported to be generally satisfactory.

LOWER BRAZILIAN COFFEE CROP

Brazil coffee crop for 1953-54 is now estimated at about 14 million bags as compared with earlier forecasts of 16.6 million bags. Recent frosts have damaged the crop considerably. 8.1 million bags had been harvested up to October 15, 1953. Brazilian coffee now available for export was no more than 10.6 million bags which is 19 per cent less than it was last year at this time.

EGYPTIAN COTTON CROP ESTIMATE

In its second forecast of the season the Egyptian Ministry of Agriculture has revised its estimate of this season's ginned cotton crop upward by 44,000 cantars to a total of 5,971,000 cantars (of 99.05 lbs.). Last season's ginned crop totalled some 9,715,000 cantars.

RECORD SUGAR OUTPUT IN AUSTRALIA

Australia's output of raw sugar for 1953 is expected to establish a record, according to an interim report. Australian mills were about three-quarter of the way through the present harvest of 8.5 million tons of cane and an output of 1,230,000 tons of raw sugar should be obtained. This quantity was over 30 per cent better than the previous years' record of 916,000 tons.

CEYLON RICE FOR INDIA

Ceylon and India recently signed a contract whereby 30,000 tons of full-boiled Burmese rice will be loaned to India for a period of three months. Two shipments totalling 13,000 tons of rice now on their way to Colombo from Rangoon have since been diverted to Cochin. Further shipments will be made before February 15 in fulfilment of the contract. The loan, meant for Travancore-Cochin where there is a shortage of full-boiled rice, will be paid back with Madhya Pradesh rice.

USE OF OIL CAKES AS MANURE

The Planning Commission has, it is learnt, recommended to the State Governments that the practice of diverting edible oil cakes for use as manure is undesirable especially when there is a shortage of cattle feed in the country. The Commission has suggested that non-edible oil cakes alone should be used directly as manure. Better results can be obtained if chemical fertilizers are used in combination with these oil cakes. The Government of Bihar is understood to have decided to publicize these suggestions in the rural areas of the State through leaflets.

EXPORT OF INDIAN RAW WOOL

The policy for regulating exports of raw wool for shipment by the end of February, 1954, and the basis on which licences would be issued to established shippers was announced in Press notes dated November 16 and December 24, 1953. It has now been decided to release a further quantity for export by March 31, 1954 and established shippers who have been given allotments in terms of the policy contained in the above Press notes will be given additional allotments equal to one-tenth of the allotments held by them.

MINING OF IRON ORE IN MADHYA BHARAT

Good quality iron ore, located at several places in Madhya Bharat, is attracting a number of financiers for its exploration. One mining lease for about 80 acres was granted by the State Government early last year. The party had already started work under the supervision of a German technician and about 1,000 tons of iron ore have been exported. Over 3,000 tons of ore are now ready for export. The ore is said to contain about 60 per cent of ferric oxide. A second mining lease for about 130 acres has also been granted by the Government and the mining work is expected to start soon. The Government have received more applications for prospecting licences.

INDIAN FOOD POSITION BRIGHT

Indian food position in 1953-54 appears to be brighter than in 1952-53. Production of coarse grains in 1951-52 was only 15.7 million tons, whereas in 1952-53 it rose to 17.4 million tons. The production in 1953-54 is expected to be even better than the production in the previous year. The stock in respect to wheat is estimated at 8 lakh tons, which would meet the country's requirements through several months to come. Imports would be decided upon only to build up reserves, provided prices are not unfavourable. Shortage of rice requirements is also not much. As against an import of 7 lakh tons of rice in 1951-52, the imports in 1952-53 were only 1.9 lakh tons, while in the current year the requirements of the country were expected to be fully met by internal surpluses, except some small imports. At the beginning of the year coarse grains have been completely decontrolled both in regard to price and movements except in three small regions of Saurashtra, Madhya Pradesh and eleven districts of U.P.

EXPORT OF ONIONS AND CHILLIES

The Government of India have reviewed the policy with regard to the export of onions and chillies. As the internal prices of these commodities are still ruling high, it has been decided not to release for the present any quotas for the export of these commodities.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360 0*	369 5	619.8	397.4	90.6	100.4	86.8	94.0
June ,, c ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	4.4
July ,, c ..	406.4	480 5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475 3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448 0	353 4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441 4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
Week Ending 28-11-1953 ..	370.6	444 3	359.4	362 9	711.5	388.6	90.2	101.4	87.3	97.4
5-12-1953 ..	368.4	446.4*	356.5*	363.5	710.4	387.7	90.2	101.5	87.6	98.3
12-12-1953 ..	363.4	452.0	356.7	363.8	710.6	387.2	90 3	101 5	87.7	98.3
19-12-1953 ..	367.6	464.9*	355.7	363.5	712 4	390.2*	90.3	101.6	87.8	98·0
26-12-1953 ..	368.8	474.5	357.5	364.1	712.5	392.6	90.3	101.8	88.1	98.0
2-1-1954 ..	377.2	471.4	357.6	364.0	712.2	394.9	90 3	101 8	88 1	97.9
9-1-1954 ..	380.1	480.4	360 2*	363.4	709.9	397.4	90.3	101.8	87.8	97.4
16-1-1954 ..	383.5	483.2	361.4	364.6	706.6	399.5	90.3	101 6	87.6	97.3

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

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†
				Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936= 100	Ludhianat†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	104	—	106	—	—	—
1946	246	259	209	108	275	328	285	101	235	119	103	106
1947	265	279	219	122	309	378	320	123	272	142	123	120
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	144
1953 January	330	346	260	135	337	454	381	146	327	144	149	139
February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160p	355	148	158	152
August	358	376	285	144	373	469	397	157p	352	149	160	152
September	353	371	283	145	366	464	391	154p	351	150	163	150
October	350	368	282	144	349	457	389	—	352	—	—	147
November	—	361	280	144	339	453	—	—	353	—	—	—
December	—	—	—	140	—	438	—	—	—	—	—	—

† Base 1944=100 p—Provisional.

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	30-1-1954			23-1-1954			16-1-1954			9-1-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	85- 6	84- 0	84-10	85-1	83-11	84-6	83- 2	82- 6	82-12	83- 3	82- 1	82-12
Silver (per100 fine tolas)	161- 8	159-10	160-15	161-0	157-9	159-0	155-12	154-10	155-10	156- 2	153- 4	155- 6

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52:91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
Week Ending										
27-11-1953	1,096,85	30,19	1,127,04	40,02	568,15	608,17	53.96	97,49	421,38	1,127,04
4-12-1953	1,114,42	11,66	1,126,08	40,02	568,15	608,17	54.01	96,53	421,38	1,126,08
11-12-1953	1,123,20	12,41	1,135,61	40,02	578,15	618,17	54.43	96,06	421,38	1,135,61
18-12-1953	1,121,21	14,61	1,135,83	40,02	578,15	618,17	54.42	96,28	421,38	1,135,83
25-12-1953	1,125,52	10,37	1,135,89	40,02	578,15	618,17	54.42	96,34	421,38	1,135,89
1-1-1954	1,132,15	13,82	1,145,97	40,02	588,15	628,17	54.82	96,42	421,38	1,145,97
8-1-1954	1,154,76	9,65	1,164,40	40,02	608,15	648,17	55.67	94,85	421,38	1,164,40
15-1-1954	1,158,44	15,46	1,173,90	40,02	618,15	658,17	56.07	94,35	421,38	1,173,90
22-1-1954	1,154,84	19,40	1,174,24	40,02	618,15	658,17	56.05	94,69	421,38	1,174,24

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	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	485
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	414
	(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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
Week Ending														
27-11-1953	98,09	24,38	69,82	56,86	249,15	18,46	277,62	30,44	5,00	141,56	1,37	11,01	81,14	7,09
4-12-1953	90,43	22,24	60,79	58,09	231,55	19,11	260,65	11,81	5,36	144,85	1,38	10,93	79,13	7,19
11-12-1953	92,22	19,31	55,76	57,53	224,83	20,36	255,19	12,61	8,97	137,11	2,53	11,06	75,67	7,23
18-12-1953	106,11	18,97	48,69	57,19	230,95	20,84	261,79	14,82	9,65	141,21	1,49	12,61	74,75	7,25
25-12-1953	110,24	18,79	45,99	56,93	231,95	20,45	262,40	10,60	11,35	144,46	1,84	11,83	74,72	7,60
1-1-1954	113,43	19,48	46,70	58,35	237,97	21,79	269,76	14,07	15,26	139,32	1,15	16,05	76,25	7,66
8-1-1954	107,01	15,05	40,05	58,00	220,12	21,69	251,81	9,80	15,78	122,25	1,95	19,02	75,29	7,72
15-1-1954	98,19	21,47	42,53	57,88	220,07	22,47	252,55	15,68	19,60	114,19	1,26	20,11	73,94	7,77
22-1-1954	98,85	21,90	42,10	58,22	221,07	22,32	253,40	19,65	16,62	114,19	72	21,57	72,81	7,83

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

SCHEDULED BANKS

(Rs. in Lakhs)

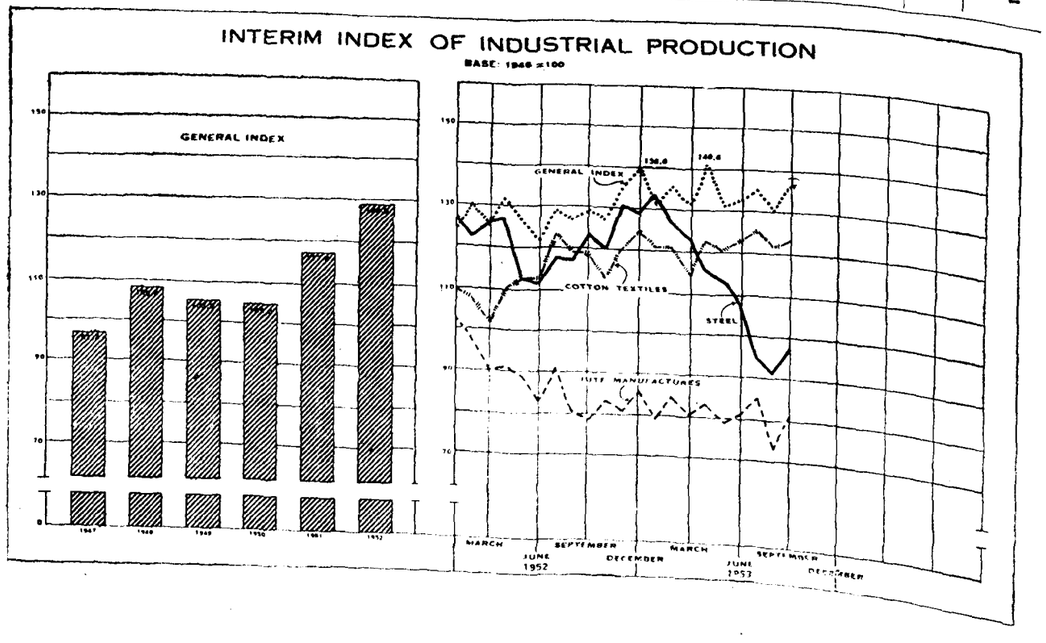
Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (1+2)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39* ..	123,81	103,30	227,11	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	16,44	45.10	..
1949-50 ..	597,79	272,59	870,38	34,47	65,85	11.53	426,74	15,35	50.79	..
1950-51 ..	599,13	278,45	877,59	34,68	60,78	10.88	447,03	11,87	52.29	..
1951-52 ..	593,73	290,82	884,55	37,33	57,29	10.70	523,59	22,81	61.77	303,48§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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
Week Ending										
29-5-1953 ..	529,01	322,89	851,90	31,67	39,15	8.31	471,09	60,23	62.37	299,76
5-6-1953 ..	529,54	323,53	853,07	31,78	40,29	8.45	470,36	58,75	62.02	300,23
12-6-1953 ..	521,94	324,15	846,09	32,54	39,83	8.55	469,93	59,79	62.61	312,40
19-6-1953 ..	526,91	324,56	851,47	33,93	39,57	8.63	462,88	58,38	61.22	312,44
26-6-1953 ..	530,26	327,56	857,82	34,63	40,09	8.71	453,23	56,59	59.43	314,03
3-7-1953 ..	531,35	327,62	858,97	33,56	40,11	8.58	452,30	55,97	59.17	313,41
10-7-1953 ..	529,02	328,34	857,36	32,72	39,73	8.45	446,78	53,43	58.34	312,81
17-7-1953 ..	535,6×	328,52	864,20	31,39	39,80	8.24	442,59	52,05	57.24	313,70
24-7-1953 ..	535.82	328,31	864,14	30,92	50,53	9.43	438,77	51,22	56.70	315,61
31-7-1953 ..	530,25	328,27	858,52	30,69	44,78	8.79	438,02	51,48	57.02	316,41
7-8-1953 ..	529,97	327,59	857,56	29,44	47,05	8.92	436,59	51,76	56.95	319,05
14-8-1953 ..	522,66	330,10	852,76	29,86	41,12	8.32	431,15	49,53	56.37	323,07
21-8-1953 ..	528,18	328,52	856,70	31,22	44,10	8.79	428,51	48,28	55.65	323,56
28-8-1953 ..	528,21	331,36	859,57	31,73	45,93	9.03	426,53	46,81	55.07	326,88
4-9-1953 ..	528,59	330,56	859,15	31,93	49,11	9.43	428,02	45,87	55.16	327,96
11-9-1953 ..	526,79	330,34	857,13	30,54	48,01	9.16	423,30	44,43	54.51	329,15
18-9-1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42,45	54.45	333,16
25-9-1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2-10-1953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-1953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40.25	54.07	336,51
16-10-1953 ..	520,35	332,92	853,27	30,06	50.34	9.42	420,89	38,62	53.85	336,15
23-10-1953 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,89	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436,64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16

* Undivided India §Average of weeks from November 1951

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	..	105·8	99.7	99·4	99.9	84·8	108.9	108.5	80.5	136.3	97.4	127.8	165.8	94.6	438.9
1950	..	105·0	91.1	85·9	93.8	76·8	110.8	105.8	72.8	169.5	102.7	127.0	170.8	111.2	971.7
1951	..	117·2	101.3	95·4	104.3	80·4	118.8	120.8	87.2	207.2	124.4	140.2	178.2	116.0	1,531.9
1952	..	128·9	113.8	106·0	117.7	87·4	125.4	161.9	83.8	229.3	129.7	147.6	160.1	122.0	897.9
May	1951 ..	117·7	101.4	94·4	104·9	86.5	121.1	238.3	86.8	205.1	124.3	149.2	144.4	121.1	
June	,, ..	116·7	104.0	97·2	108·7	79.9	112.6	345.5	94.7	206.8	126.6	143.0	183.9	111.4	1,365.4
July	,, ..	114·4	102.6	95·8	105·6	77.4	103.1	N	85.7	199.9	120.7	139.8	177.0	109.3	1,288.8
August	,, ..	120.4	104.6	98·0	107·9	81.8	114.9	N	92.9	202.5	123.5	141.8	186.3	121.9	1,383.0
September	,, ..	118·3	103.0	97·3	105.9	74.1	122.5	293.8	91.0	213.1	129.9	132.4	178.7	116.1	1,458.3
October	,, ..	111·9	98.6	94·4	100.7	74.8	113.8	211.6	74.5	218.8	126.7	119.2	177.8	118.9	1,946.1
November	,, ..	123·7	102.4	99·3	103.9	91.6	123.3	313.3	79.3	230.4	130.4	140.3	186.1	111.0	1,486.1
December	,, ..	128·2	103.9	100·9	105.4	91.1	125.1	154.2	83.0	233.7	134.4	132.7	211.7	123.0	1,818.8
January	1952 ..	124·4	102.2	98·6	104·1	99.6	130.2	110.2	81.2	218.7	135.4	140.0	183.3	128.2	2,051.8
February	,, ..	129·0	107.4	102·4	110·0	97.1	140.6	121.9	89.7	202.5	128.8	148.4	125.6	122.2	1,672.6
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	1,631.5
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	1,440.5
May	,, ..	126·8	112.3	100·6	118·1	89.3	129.7	1493.3	81.1	217.7	121.5	150.0	173.2	112.6	912.4
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	807.3
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	362.4
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	809.8
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	1,188.2
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	487.5
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	552.5
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	500.5
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	527.3
February	,, ..	135.9	120.8	110·0	126.2	82.1	138.1	116.8	75.1	225.3	129.9	161.7	175.9	127.3	311.8
March	,, ..	131.1	114.1	101.9	120.2	80.4	125.3	168.0	74.9	225.6	126.5	153.2	130.4	123.8	222.7
April	,, ..	140.6	122.6	108.3	129.8	83.0	136.6	460.9	83.7	224.0	134.2	152.1	147.1	115.9	495.4
May	,, ..	131.1	120.4	107.1	127.0	78.4	130.2	566.1	71.3	247.2	122.3	150.1	162.6	113.5	311.8
June	,, ..	132·5	122·9	111·0	128.8	81·3	122.6	136.4	74.4	251.4	121.6	151.0	155.0	107.8	344.5
July	,, ..	136·2	125.6	114·4	131·3	84.8	112.2	..	71.7	262.8	147.0	150.7	193.9	94.6	522.3
August	,, ..	131·4	121.8	111·9	126·8	73.6	111.9	..	77.7	234.4	137.7	126.4	185.8	91.2	741.8
September	,, ..	137·6	122·7	114·8	126.6	81.7	125.1	11.9	72.4	243.0	141.2	138.0	195.9	96.4	887.6
October	,, ..	..	119·1	111·1	123.1	72.2	119.7	33.6	..	251.3	..	119.5	..	115.2	1,242.0



MONEY SUPPLY IN SELECTED COUNTRIES

		AUSTRALIA (Millions of Pounds)			CANADA (Millions of Canadian Dollars)			FRANCE (Billions of Francs)			INDIA (Billions of Rupees)		
		Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total
1939	..	54	149	203	281	1,089	1,370	153	107*	260*	3.40	1.51	4.91
1950	..	270	1,034	1,303	1,214	3,637	4,851	1,590	1,530	3,120	12.67	6.68	19.36
1951	..	318	1,174	1,492	1,275	3,568	4,843	1,883	1,795	3,678	12.35	6.41	18.76
1952	..	337	1,077	1,414	1,377	3,796	5,173	2,124	2,003	4,157	11.86	5.92	17.78
July	1952 ..	301	995	1,296	1,307	3,565	4,872	1,985	1,920	3,905	12.04	6.28	18.32
August	,, ..	304	979	1,284	1,353	3,534	4,887	2,005	1,966	3,971	11.84	6.25	18.09
September	,, ..	309	972	1,281	1,323	3,692	5,015	2,035	1,926	3,961	11.86	6.04	17.90
October	,, ..	312	1,100	1,311	1,379	3,764	5,143	2,036	1,959	3,995	11.68	6.16	17.84
November	,, ..	314	1,041	1,355	1,383	3,746	5,129	2,248	1,959	4,007	11.61	6.16	17.78
December	,, ..	337	1,077	1,414	1,377	3,796	5,173	2,124	2,033	4,157	11.86	5.92	17.78
January	1953 ..	315	1,100	1,414	1,353	3,658	5,011	2,097	2,077	4,174	12.03	6.03	18.06
February	,, ..	317	1,158	1,475	1,369	3,632	5,001	2,105	2,057	4,162	12.19	5.99	18.18
March	,, ..	321	1,219	1,540	1,349	3,692	5,041	2,128	2,062	4,190	12.33	6.14	18.47
April	,, ..	325	1,225	1,550	1,361	3,867	5,228	2,127	2,091	4,218	12.60	6.14	18.73
May	,, ..	325	1,191	1,516	1,398	3,738	5,136	2,101	2,107	4,208	12.62	6.03	18.65
June	,, ..	327	1,173	1,500	1,378	3,836	5,214	2,142	2,165	4,307	12.33	6.03	18.36
July	,, ..	328	1,143	1,471	1,425	3,730	5,155	2,179	2,211	4,390	11.92	6.26	18.17
August	,, ..	330	1,122	1,452	1,394	3,763	5,157	..	..	..	11.78	6.07	17.85
September	,, ..	331	..	..	..	..	..	..	..	..	11.67	6.00	17.67

		ITALY (Billions of Lire)			JAPAN (Billions of Yen)			UNITED KINGDOM (Billions of Pounds Sterling)			U. S. A. (Billions of U.S. Dollars)		
		Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total
1939	..	25	26	51	3·8	6·5	10·3	.5	1·29	1·79	6·4	29·8	36.2
1950	..	1,122	1,373	2,495	408·7	380·3	789·0	1·29	3·99	5·28	25.4	92·3	117.7
1951	..	1,237	1,642	2,880	492.0	558·0	1,047.9	1·36	3·99	5·35	26·3	98.2	124.5
1952	..	1,343	2,021	3,364	554.3	710·4	1,264.7	1·45	3·93	5.38	27.5	101.5	129.0
July	1952 ..	1,230	1,797	3,028	427	597	1,024	1·42	3·68	5·10	26.2	95·7	121.9
August	,, ..	1,242	1,808	3,050	438	612	1,050	1·41	3·70	5.10	26.3	95·8	122.1
September	,, ..	12,61	1,861	3,122	426	606	1,033	1·39	3·71	5·10	26.6	96·4	123.0
October	,, ..	1,245	1,890	3,135	443	630	1,073	1·39	3·72	5·11	26.7	98·6	125.3
November	,, ..	1,234	1,910	3,144	455	656	1,112	1·40	3·74	5·14	27·4	99·4	126.8
December	,, ..	1,343	2,021	3,364	554	710	1,265	1·45	3·93	5·38	27.5	101·5	129.0
January	1953 ..	1,266	1,970	3,235	487	692	1,180	1·40	3·81	5·21	26·8	100·5	127.3
February	,, ..	1,247	1,940	3,187	490	680	1,171	1·41	3·63	5·04	26.9	98·3	125.2
March	,, ..	1,253	2,000	3,256	447	698	1,175	1·44	3·66	5·10	26.9	97·4	124.3
April	,, ..	1,241	1,992	3,233	485	726	1,211	1·46	3·62	5.08	27·0	98·0	125.0
May	,, ..	1,237	2,004	3,241	474	754	1,258	1·47	3·68	5·14	27·0	97·5	124.5
June	,, ..	1,222	2,022	3,244	484	723	1,207	1·48	3·66	5·24	27·1	97·2	124.3
July	,, ..	1,260	2,062	3,322	483	731	1,214	1·51	3·76	5·26	27·2	97·3	124.5
August	,, ..	1,261	2,066	3,328	494	730	1,225	1·50	3·77	5 27	27·3	97.5	124.8
September	,, ..	..	..	..	..	..	.	1·48	3·78	5·26	27·4	..	..

* Estimated

Source: International Financial Statistics

JUTE STATISTICS

JUTE CROP FORECASTS
(Governments of India & East Bengal)

	Prelim. Area (000 acres)	Final Forecast: Area (000 acres)	Final Forecast: Crop (000 bales)	Final Forecast: Rate per acre
1951-52 Total ..	36,89	37,30	110,09	2·95
East Bengal ..	18,69	17,79	63,31	3·56
West Bengal* ..	7,52	9,01	23,92	2·65
Rest of India ..	10,68	10,50	22,86	2·18
1952-53 Total ..		37,24	114,28	3·07
East Bengal ..	17,59	19,07	68,23	3·58
West Bengal* ..		8,44§	24,21§	2 87
Rest of India ..		9,73§	21,84§	2·24
1953-54 Total ..	20,58	19,56	56,31	2.88
East Bengal ..	7,89	7,60	25,03	3.29
West Bengal* ..	5,84	5,50	15,36	2·79
Rest of India ..	6,85	6,46	15,92	2·46

*Including Cooch Behar and Tripura. §Revised

JUTE CROP FORECASTS

Annual Average or season	Area (000 acres)	Yield (000 bales)	Yield per acre
1934-35—1938-39	2,758	8,185	2·97
1938-39	3,165	6,844	2·17
1939-40	3,161	9,750	3·09
1940-41	5,669	13,186	2·33
1941-42	2,160	5,476	2·53
1942-43	3,333	9,062	2·71
1943-44	2,639	7,004	2·65
1944-45	2,104	6,203	2·95
1945-46	2,422	7,991	3·22
1946-47	1,911	5,648	2·85
1947-48	2,710	8,539	3·15
1948-49	2,710	7,534	2·78
1949-50	2,724	6,422	2·36
1950-51	2,704	7,753	2·87
1951-52	3,730	11,009	2·95
1952-53	3,241	11,428	3·07

SUPPLY A.D DISTRIBUTION OF JUTE
1952-53 & 1953-54

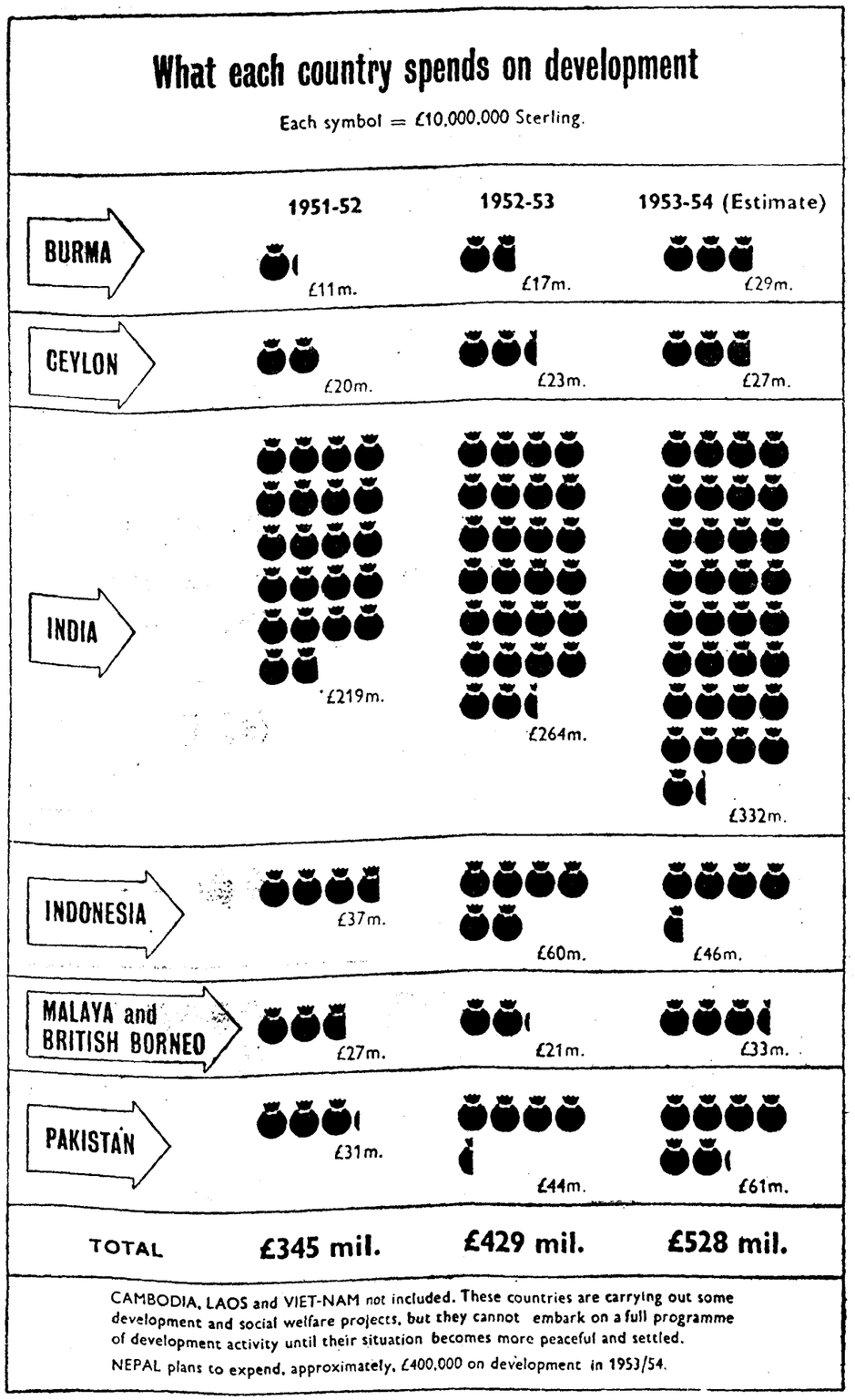
Supply	1952-53 (lakh bales)	1953-54 (lakh bales)
STOCKS—		
I.J.M.A. mills opening stock:		
(a) Calcutta ..	8·64§	11·20
(b) Outside Calcutta ..	0·94	2·42
Opening stock of mills outside I.J.M.A. ..	1·50(E)	2·13(E)
Balers stocks (Calcutta) ..	0·50	0.43
Other stocks (Districts) ..	Nil(E)	Nil(E)
	11·58	16·18
Indian Union Crop (Govt. forecast)	46·05§	31·28§
Received/Expected from Pakistan:		
(a) by Mills		
(b) by balers & other sources ..	13·25	18·00(E)
Total Supply ..	70·88	65·46
DISTRIBUTION		
Mill Consumption—		
(1) I. J. M. A. Mills ..	52.53§	50·24(E)
(2) Outside Mills	2.06§	1·97(E)
	54·59	52·21
Domestic Consumption ..	1.00(E)	1·00(E)
Exports ..	Nil	Nil
Total Distribution ..	55·59	53·21
Carry over at end of Season ..	15·29§	12.25

(E)=Estimated.
Committee.
§ Revised.

WEEKLY PRICES OF JUTE AND GUNNIES

DATE	Naraingung: Jute: Mill: Middle	Naraingung: Jute: Mill: Bottom	Calcutta: JUTE: Assam: Mid.	Calcutta: JUTE: Assam: Bot.	Calcutta: JUTE: Pak. Jat.: Mid.	Calcutta: JUTE: Pak. Jat.: Bot.	GUNNIES: Hessian 40"10 oz. (Ready)	GUNNIES: Sackings B. Twill (Ready)
	Rs. per md.		Rs. per md.		Rs. per md.		Rs. per 100 yds.	Rs. per 100 bags
1953-54	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
3rd August ..	22 8	19 8	32 0	29 0	36 0	32 0	45 14	102 4
10th ,, ..	22 8	19 8	32 0	29 0	36 0	32 0	46 6	104 8
17th ,, ..	22 0	19 0	32 0	29 0	36 0	32 0	46 6	103 2
24th ,, ..	22 0	19 0	31 8	28 8	35 0	32 0	45 6	100 12
31st ,, ..	21 0	18 0	M	A	R K	E T	44 13	C L O S E D
7th September ..	..	..	29 8	26 8	33 8	29 8	42 6	94 14
14th ,, ..	..	..	29 0	26 0	33 0	29 0	42 0	94 2
21st ,, ..	19 0	16 0	27 8	24 8	31 0	27 0	42 12	91 4
28th ,, ..	18 0	15 0	26 0	23 0	30 0	26 0	42 12	91 8
5th October ..	18 8	15 8	25 8	22 8	29 8	25 8	43 14	92 14
12th ,, ..	18 8	15 8	26 0	23 0	30 8	26 8	43 14	93 10
19th ,, ..	19 0	16 0	27 8	24 8	31 0	27 0	45 3	95 4
26th ,, ..	21 0	18 0	28 0	25 0	31 8	27 8	45 0	95 8
2nd November ..	23 0	20 0	29 8	26 8	32 8	28 8	46 2	99 0
9th ,, ..	23 0	20 0	30 0	27 0	34 0	30 0	47 14	100 8
16th ,, ..	25 0	22 0	31 8	28 8	36 0	32 0	49 6	104 14
23rd ,, ..	24 0	21 0	30 8	27 8	35 0	31 0	47 8	101 8
30th ,, ..	24 0	21 0	31 8	28 8	35 0	31 0	47 13	104 8
7th December ..	24 0	21 0	30 8	27 8	34 0	30 0	47 3	103 4
14th ,, ..	24 0	21 0	30 8	27 8	34 0	30 0	45 12	102 8
21st ,, ..	24 0	21 0	31 8	28 8	34 0	30 0	47 1	105 12
28th ,, ..	24 0	21 0	31 8	28 8	34 8	30 8	46 14	107 4
Highest, 1952-53 ..	23 0	20 0	32 0	29 0	42 0	38 0	54 10	120 8
Lowest, 1952-53 ..	12 8	10 0	20 8	17 8	33 0	29 0	38 8	86 12

THE COLOMBO PLAN IN ACTION



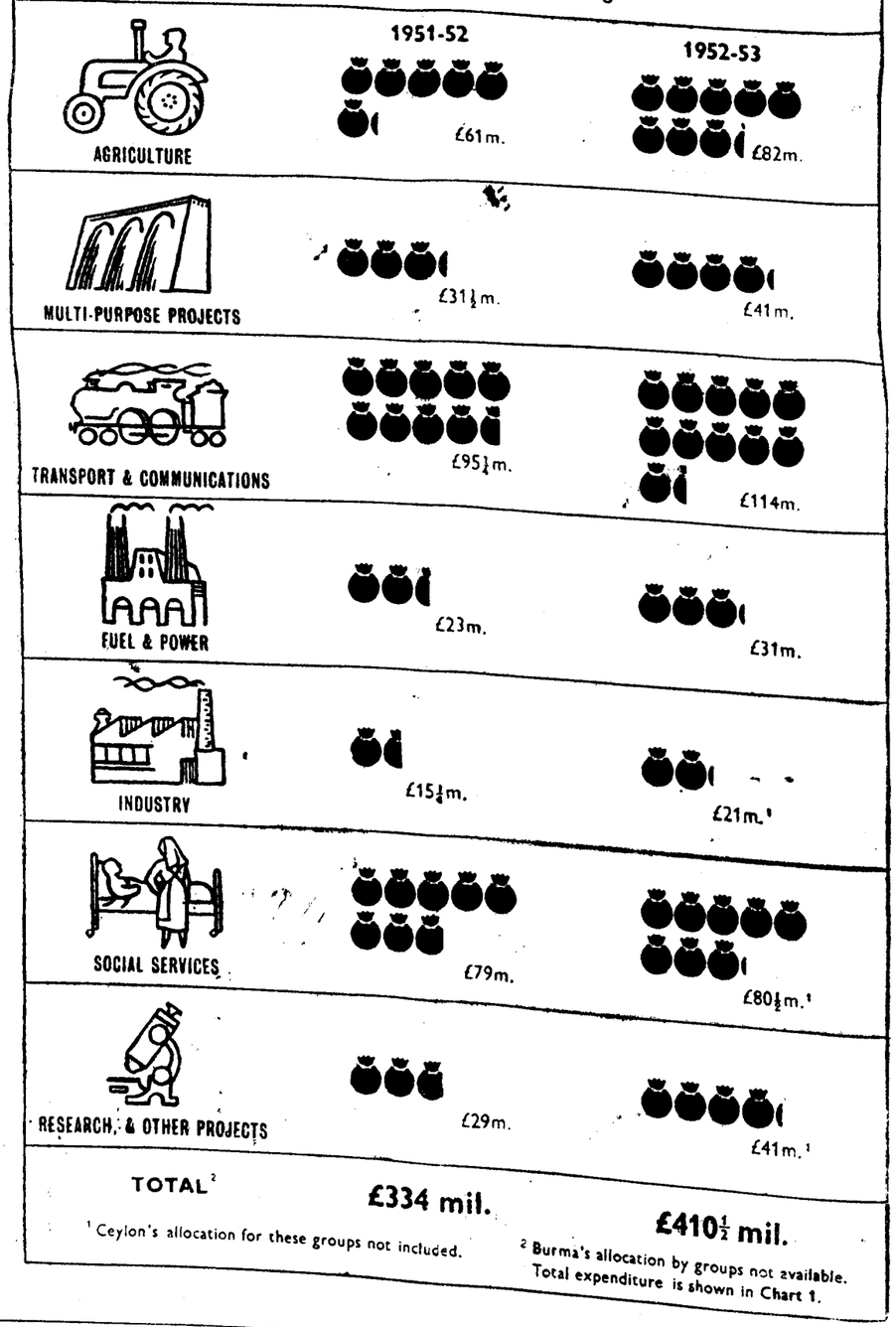
Source: Progress in Asia.

THE COLOMBO PLAN IN ACTION

How the money was spent

Chart shows details for Ceylon, India, Pakistan, Indonesia, Malaya and British Dependencies in South-East Asia.

Each symbol = £10,000,000 Sterling.



[1] Ceylon's allocation for these groups not included.

[2] Burma's allocation by groups not available. Total expenditure is shown in Chart 1.

Source: Progress in As

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist I 52, Queensway, New Delhi.

SECRETARIAT LIBRARY 15FEB1954 MADRAS GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

. XXII. NO. 7. NEW DELHI: FEBRUARY 12, 1954. ONE RUPEE

CONTENTS

Page

EADING ARTICLES:

THE STEEL SITE CONTROVERSY ... 229
THE KUMBH TRAGEDY 231
COMMUNISTS AND THE CONSTITUTION 232

THE WEEK'S NOTES 233

Asia's Year of Adjustments; Anglo-Japanese Trade Pact; Cane Cess—An Improper Levy; Land Census; The Future of Education; Aid for Pakistan's Natural Gas.

WORLDGRAM AND NEWS IN BRIEF .. 237

WINDOW ON THE WORLD

Odysseus on "Harsh Voices" 241

A DELHI DIARY ... 245

Page

SPECIAL ARTICLES:

THE STATE OF THE TREASURY .. 246
THE FUND'S FINDING 247

THE BUSINESS WORLD:

Decision on Cement 249
The World Bank Mission 249
Back to State Budgets 250

BUSINESS NOTES 254

A Short-term Programme for Roads; Import of U.S. Cotton; Textile Machinery Manufacture in China; Automobile Leaf Springs; Nitrogenous Fertilizers from the United States; I.C.C.C. Meets; Burma-Japan Trade Agreement; Exemption for Non-Urban Banking?; U.K.-Russian Trade Prospect.

COMPANY AFFAIRS 259
COMMODITY NEWS AND NOTES 260
CURRENT STATISTICS 262

The Steel Site Controversy

THE unseemly controversy which has been raging for the last two months on the choice of a site for India's new steel plant promises in the last few days before a decision is reached to arrive at new limits of absurdity. Quite suddenly politicians, who have no conception of the technical complications involved, declaim in favour of their respective States and (in at least one case) threaten dire consequences if their rhetoric goes unheeded. Pandit R. V. Shukla, Chief Minister of Madhya Pradesh, has more than once proclaimed his intention "to expose the Centre" if the claims of Bilhai in Madhya Pradesh are overriden. The West Bengal Government has already produced three reports on the location of the steel plant at Durgapur; since the last two have been boldly marked January 1954 and February 1954 it may be presumed that there will be a monthly publication devoted to the polemical subject of the location of this steel plant until the Central Government announces its final decision. Only Orissa seems to be restrained. And unhappily there is no virtue even in this act of abstinence. For Orissa is restrained only because it is already well known that it stands in high favour; the German technicians have been known to have recommended Rourkela.

Thus the decision has been made more than difficult. And but for the fact that a solution exists in the

possibility of the commissioning of three plants instead of one, the prospects would be bleak. There would certainly be a serious set-back to Congress prestige in Madhya Pradesh if the Chief Minister, after all his declamations, and a personal visit to New Delhi with a suitable retinue, returned to Nagpur without success in his mission. Again, Dr. B. C. Roy, the Chief Minister of West Bengal, who continues to shoulder the heaviest burden in respect of unemployment in the whole country, could well complain if his political chances were impaired by the location of the new plant outside West Bengal. The political pressures to which the Chief Ministers and the local Congress parties are subject are all too real. It is impossible for a Congress Central Government, whose head by a happy accident is also President of the Congress, to ignore them.

It may, therefore, be taken for granted that political pressures will find some place in the decision to be taken, it is rumoured, next week. These pressures have been conveniently described as strategic, but unless there is a question of enemy occupation of the area of location, there is really no sense in the term. It has been ascertained in New Delhi that the possibility of enemy occupation has been specifically excluded, so that Durgapur, believed to be the most vulnerable site in the event of an attack from the East (which can only come from China) is not ruled out on this account. So far as bombing is concerned, there cannot really be much to choose; if Durgapur is uncomfortably close to Kulti where the Indian Iron and Steel Works are, Rourkela is uncomfortably close to Jamshedpur so that in both cases one squadron of bombers if it got through could accomplish damage at both sites. It might conceivably be argued in this case that if anti-aircraft protection is to be designed in any case to protect Kulti and Jamshedpur, location of the new steel plant within the ambit of these air defences would provide economy in defence expenditure. Contrary to the usual belief, provided defence is adequate, concentration without proximity is an advantage and not the other way about.

There is another strategic possibility, however, which needs deeper consideration. This is rarely mentioned except in a whisper; it should, however, be squarely faced. This is the possibility that, at some distant future date, a Communist majority might arrive in the State Assembly of West Bengal. That a consideration of this kind should stand against Durgapur is absurd for two reasons. In the first place, the refusal to assist West Bengal may bring about the very contingency which is feared; if West Bengal is strengthened here and now by a fierce industrial drive in the Damodar Valley area, the Communist victory can be put off to the Greek Kalends. Secondly, the provisions of the Constitution are clear enough that, in a strategic issue of misuse of power, the Central Government would be bound to act as in an emergency. The Indian Army has no foreseeable obstacle in its path; the protection of industrial enterprises anywhere in West Bengal can be easily accomplished. And, therefore, again there is no strategic obstacle here which cannot be overcome.

To say that Durgapur is not barred by strategic considerations is by no means to imply that it is the best site of the three. The West Bengal case has been argued cogently in three reports, all of which are competent and conclusive if their premises are accepted. Their premises cannot, however, be accepted as final. The location of a steel plant, like any other State economic activity, must be determined in the national interest; in economic terms, this means in terms of the total national dividend. The whole of the West Bengal case is based on a different criterion; it is argued constantly that only that site should be chosen which will produce steel at the cheapest price and be closest to the current market. This is certainly the test for a private undertaking, designed to produce the maximum profits for the investing agency on that project considered in isolation. It is not a final test for a national undertaking which has other considerations such as suitable expenditure on developments elsewhere which are to be integrated into a total pattern from which the dividend is to accrue.

Some simple illustrations will show, viewed from the national net product, as distinguished from what Pigou has described as the private net product, that the West Bengal argument is defective. For example, it is pointed out that capital cost will be Rs. 8 crores more in Rourkela than in Durgapur. What are the constituents of this saving? They are on transport of materials for building the plant; on the new township which will need to be built at Rourkela against one partly available at Durgapur; special tools and construction facilities in Durgapur where a barrage is being erected by the D.V.C., and the "time-period" of construction. All these are relevant for an assessment of the private net product; none, except the last, is a factor in computing national net product. So long as there are unemployed resources, the national interest is not injured by additional transport, the fruit of which incidentally accrues to State revenues; the new township is an additional national asset which fully offsets its cost, and so on. Against the additional expenditure to be incurred in Rourkela as against Durgapur there are thus additional assets somewhere else. No national balance sheet can be struck by omitting the assets when computing the liabilities.

Again, the issue of time-period in construction needs to be conceived against the larger purposes which industrial development must serve. If the argument that industry should only be located where existing facilities already are, this would be a conclusive argument against the dispersion of industries on any ground whatsoever. Moreover, the time-period of construction in any of the three cases under consideration will not in any case differ widely. It is part of the technical agreement signed with the Krupp-Demag combine that the works "along with appurtenant facilities shall be ready to commence production within four years from the decision on the location of the works" and there is general admission that in any case these works will not be ready before three and a half years because of bottlenecks on specific parts. The time factor in construction can, therefore, only be of the order of six months. It surely is unwise to make this a deciding factor.

When this has been said, this unprofitable controversy should be finally closed. And it should be closed with a proclamation which should satisfy West Bengal and Madhya Pradesh at least as much as it satisfies Orissa. The target for steel should be immediately raised by another million tons making the target for the Second Five-Year Plan 3.7 million tons, of which Rourkela should produce one million tons, and Durgapur and Bilhai half a million tons each in plants capable, like Rourkela, of rising to a million tons. While there is controversy which in its nature will be endless as to which site is best in the national interest, all sites are good enough to be worked together on strictly economic considerations. India is fortunate in having three additional sites of this fine quality; in any of these sites, as in Jamshedpur, it should be possible to produce steel which is cheaper than anywhere else in the world.

Because of our abundance of foreign exchange, because of the need of building up our heavy defence industries, notably tanks and armoured cars, because of the vital place which engineering industries must have in the Second Five-Year Plan, this is obviously the only right decision which can be made at the present time. The whole country should be united in the demand that it shall be made, and then pursued with unrelenting, and even passionate, haste.

The Kumbh Tragedy

THE Kumbh Mela at the historic Sangam, or meeting place of the Ganges and the Jumna with the subterranean Saraswati, has been invested this year with a grand, as well as tragic, significance. Never in all the history of the human race have so many human beings been collected in one place. The lowest estimate on the fateful day of February 3 has run above four million; but most observers consider the figure nearer five million than four. This figure alone should be the sternest rebuke to those superficial observers who have said so lightly that religion in India is losing its hold. To those who saw this tremendous concourse of people, interspersed with Sadhus and holy men of every imaginable description, there came on that same February 3 a sudden insight into India's one, and perhaps only, ruling passion. There was something on the faces of men and women which showed that this was not a concourse drawn together by the fun of this fair, which, assembling every twelve years down thousands of years, has acquired the historical reputation of being the world's oldest and most picturesque assembly. There was so much of exactly the opposite; men and women in millions came here, quite literally, out of a deep spiritual hunger. To unbelievers, the incredible thing was that for millions of people, by a simple act of prayer and bathing at this sacred time and place, complete spiritual satisfaction was found.

Above the terrible tragedy on February 3, when about five hundred people were crushed to death in a single stampede, there should be held this amazing fact. There are many severe failings in the conduct of this mela. Its planning was obviously defective, because the estimate of the probable concourse at between two and three million was grossly in error. The withdrawal of police at a critical time from a route on which the holy men, always unpredictable, had chosen to march was a stupid mistake. It is hoped that the Inquiry Commission will not fail to place the blame for this folly where it justly belongs. The failure to insist on the most complete health precautions has taken its toll in many cases of serious illness, and, it may be, of deaths. The breakdown of the administration immediately after the tragedy so that no news was carried to Government House at Allahabad for eight hours—thus permitting an official reception to be held on that very day—has been the most severe breakdown of local administration after the terrible trials of partition. There is much in these events which can, and should, shake confidence in the highest authorities of the Uttar Pradesh Government. A terrible price has been paid for their mistakes. These mistakes must on no account be repeated. But it is obviously foolish to lose sight of the almost impossible problem with which the authorities were confronted.

When the Prime Minister of India pleads for a sense of proportion in assessing the tragedy, although this may look callous and detached, he is only pleading for sanity. The fiercest and most unbridled criticism will not bring the dead back to life; it can only foster anger and hate, poisoning the great fount of religious passion which this tremendous display of Hindu faith engendered. It is outrageous to suggest that any of the actors in this great drama were conscious of the risks that were being run by this action or by that. To keep on arguing, therefore, that the tragedy was the result of the presence of V.I.P.'s—the President and the Prime Minister in particular—is a mean, and even despicable, attempt to discredit men whose devotion to the poor and lowly cannot be excelled. A sense of proportion means inevitably that deaths of our fellow-citizens, under circumstances as tragic as these, should never be made the occasion to extract political capital or to inflict private slander and display personal wrath.

There have been other comments which are almost equally out of place. The suggestion that, because India is a secular State, no official benediction should have been given to this mela is a curious confusion of the restraints which secularism imposes. It is true that the mela was widely advertised by the Uttar Pradesh Government and by the Railway authorities. The latter had a pecuniary interest in encouraging travel which has been displayed equally keenly on occasions which have related to non-Hindu festivals as well as to occasions without any religious significance. The Railways would have failed in their duty as a commercial undertaking if they did not take advantage of the urge to reach the Sangam in order to sell the services which alone justify their existence. The Uttar Pradesh Government would have been accused of being violently anti-religious if it had not taken the action that it did. Even as it is, the Uttar Pradesh Government—and perhaps even the Railways—did not do enough. To say that they should have done less would have been a deliberate interference with the exercise of free choice by a sovereign people.

The Indian intellectual is still confused about the place that religion occupies in a secular State. The intention of the makers of the Indian Constitution was to prevent discrimination between persons on the ground of religion; secularism is a negative, and not a positive, thing. To equate secularism with irreligion or indifference to religion or even the withdrawal of interest in spiritual matters is totally to misread the spirit, as well as the letter, of the Indian Constitution. To argue that the President of the Indian Union should be denied the opportunity of displaying interest in Hindu ceremonies in which he is a devout believer is to deny the Head of the State the fundamental freedoms which belong to every citizen. It is the critics of the President and the Prime Minister who need to be arrayed before the bar of public opinion.

Events at this mela must have shown for all time the trends of Indian public opinion.. Tolerant and unquarrelling even unto death, these people showed where they find their values. It is not for the Indian intellectual to decree on their behaviour; the Constitution requires that it is their political choice, not his, which shall prevail. And now, even after the tragedy, there can be none of these four million people who will find a solution of the problems of the mela in the refusal to hold religious melas. Religion may be the opiate of the people. But what has the dissatisfied intellectual to give to the people in its place? The Kumbh Mela showed, in any case, that the Indian people were not looking in any other direction.

In that sense, this was a supremely important political event. In the passionate faces at the Sangam, there was written the failure of Communist propaganda in the Indian sub-continent. Even on that February 3, when panic broke loose and the most peaceful of human beings, in a passion for survival, trampled on women and children, the choice was for religion against irreligion. It was, for the intellectual progressives, an unhappy day. To them the Goddess of Reason was dethroned. But on the issue of fact there can be no doubt. For the masses of the Indian people, materialism is a barren creed.

Communists and the Constitution

IS the Communist Party of India, now fighting the elections and planning for a "Government of Democratic Unity", a primarily constitutional parliamentary party or is it still extra-constitutional in its outlook in the sense of believing in violent and subversive activity as part of its doctrine of revolution? Public interest in this question, which was keen last month after the Communist Congress at Madurai, has been revived with the recent publication of the full texts of the resolutions and other secret documents by the Democratic Research Service at Bombay. The main conclusion that has emerged from the analysis by the Democratic Research Service is not very different from the worst suspicions of those already familiar with the nature of the Communist organisation, and the ways in which its tactics can change from time to time without prejudice to its real objective of bringing about a violent revolution. There is, and can be, no Indian orientation for the Communists. Their attempts to make use of the constitutional processes of electioneering and legislative methods have only one single objective, of expanding their organisation and influence, while they strengthen themselves for achieving their major purpose of capturing power through violent means. Any other interpretation of Communist strategy is only wishful and wasteful thinking.

There is sufficient authority cited from the documents now available for accepting this interpretation. The texts of these resolutions and the discussions at Madurai on the party line and policy are not by any means clear or coherent. Amidst the verbose and confused Communist jargon, which has, it seems, confounded the ranks of the party as much as the uninitiated, there stands out boldly the proclamation of the faith in the necessity for armed insurrection. It pervades the long discourse on the Tactical Line, the main point of which was to emphasise that Communist policy was not a peaceful but a revolutionary path. The belief in the necessity for revolution was more explicitly stated in response to the challenge from the doubting comrades of the P.D.F. of Hyderabad. "Unfortunately for us", says the most authentic exponent of the Communist creed to the P.D.F., "though the revolution is a crying necessity today, we are not in a position to carry it through as soon as we desire or as the crying necessity demands." The revolution is thus delayed not for want of intention.

There is abundant evidence that all the doctrines about the nature of the Indian situation are being distorted towards that end. The main basis of the doctrine is the assumption that India is now a colonial country and that its present "colonial set-up" and the absence of "genuine democratic liberties" (of the kind that are apparently available under Communism!) make an armed revolution almost inevitable. If any camp follower had doubts about the expediency or necessity for violence, he is directed to convince himself that it is the machinery of the State which is driving "the masses to the different methods of struggle and for self-defence." The Communist objectives can be realised, therefore, only "through a revolution, through the overthrow of the present Indian State and its replacement by a Peoples' Democratic State". There is, however, one exception to this doctrine of violence. That is the discouragement of individual terrorism which "undermines the possibility of unleashing partisan struggle"; this partisan warfare holds the key to the final culmination in a mass revolution.

These cardinal principles of the Communist faith have an importance to this country at this juncture which has been inadequately realised because the capacity of the Communists to bring about a revolution is discounted. There is certainly a legitimate confidence not only in the ability of the Indian army and the police to deal with any serious threat of civil commotion or war, but also in the unlikelihood of armed groups growing up unnoticed in any part of the country on such a scale as to challenge the unity or integrity of the country. The political integration of the country has left no vacuum of power which Communists can exploit for their major objective, and the transport and communications system is such as to deprive any insurrection of the advantages which were open to the Communists in China. All these the Communists realise as well as others and they are also aware of the numerous differences in their own ranks which now split them from top to bottom. The elections at Madurai to the Politburo have revealed these rival contesting groups and the fact that there is little cohesion in the present leadership of the Communist Party.

What is relevant in this situation is not undue apprehensions about the nature of the Communist menace but a clear definition of the attitude which the country has to adopt in dealing with the Communists. There is added importance to this question because of the elections in Travancore-Cochin, where the Communists have shown sufficient strength, and in other areas —like Andhra or West Bengal where they can be expected in future to create difficult situations in the formation and working of democratic Governments. The question is whether the Communists, who obviously avow no faith in the Constitution or in the civil liberties or in parliamentary methods, are entitled to the privileges which these confer, if they were to be returned by the electorate in sufficient strength. In other words, it is the old question whether the democratic liberties are unconditionally available, even when the intention is undisguised that they will be used to overthrow them at the earliest opportunity. The answer, implied in such policies as the Preventive Detention Act, is in the negative.

The Prime Minister's splendid speech in Trivandrum this week showed an awareness of both the extra-territorial and extra-constitutional character of the Communist opposition, though the condemnation was couched in somewhat mild and euphemistic terms. But neither the electorate there nor the rest of the country has received any assurance yet as to the consequences of a Communist ascendancy to power through the electoral process in order to defeat and subvert the Constitution itself. That possibility seemed near in Madras and Hyderabad after the last general elections and was overcome only because some special favourable factors existed. If the situation were to recur, there can and should be no hesitation about what the next step should be.

The present constitutional position of the States is happily such that they are only parts of a unitary and united Indian State, with no special right to the functioning of separate political systems under all conditions. That makes it inevitable that the President's emergency power to take over the administration of a State, when its Government cannot function in the normal constitutional manner, should be directly attracted when an avowedly subversive group acquires power. The question now facing is whether such a group should be allowed to operate until it has conclusively demonstrated its subversive character or whether a presumption can be drawn even in the first instance to prevent, even temporarily, the dangers of constitutional deadlock and dislocation. The 'preventive' character of detention in cases where danger to the State is apprehended is a direct precedent for taking action to prevent the larger danger to the State and the Constitution; and the Indian Communists' Manifesto is proof enough of the danger. Action must, therefore, be preventive, not merely punitive, and the country has a right to the assurance that there will be no compromise or hesitation in enforcing the principle if and when occasion arises.

THE WEEK'S NOTES

ASIA'S YEAR OF ADJUSTMENTS

The E.C.A.F.E. survey of economic conditions in 1953, in the region within its jurisdiction, shows a laudable concern for the economic progress of the area under the changed and still changing conditions of trade and earnings. It may be optimistic yet to hope that the export earnings of the area have "settled down" since the second half of 1953 at a level slightly higher than that registered in the immediate pre-Korean war period. These earnings are dependent on the nature of the American recession and its impact on the exports of the Asian raw material producers. The pace of decline has, however, been less rapid than in the initial phase of the post-Korean decline in commodity prices. Japanese exports are much larger today than before the Korean war. For the rest of the E.C.A.F.E. region, export earnings in the first half of 1953, were $2,700 million against $2,300 million in the first half of 1950 but supplies and prices are much easier now than in the pre-Korean period—jute, tin and rubber being the most obvious examples.

The major development in the Asian economy in the last year has been the improvement in the supply and prices of rice but the countries which depended on rice exports have also to participate in the general decline of prosperity. In the current year the fall in Japanese production has helped to accentuate the decline in rice but seasonal conditions are unlikely to be so completely normal in the area as to lead to a slump. The rice exporting countries, especially Burma, must make the readjustment necessary by growing and exporting more rice at current world prices; they have the assurance that the per capita standard of cereal consumption is still very much below the pre-war levels. The surplus expected in 1954 is one million tons, over effective demand at current prices. This is equal to the quantity of rice which India can import even now for her deficit areas, provided it is available at reasonable prices.

Except in the Philippines and Malaya, the E.C.A.F.E. survey has observed an upward trend in domestic wholesale prices and in the cost of living. This factor is disquieting because the higher costs make the process of adjustment to the decline of commodity prices very difficult and social tensions are likely to be generated in that process. The decline in the revenues of governments may create problems of finance for expenditure on economic development. The E.C.A.F.E. has registered these uncomfortable symptoms.

ANGLO-JAPANESE TRADE PACT

The storm of controversy aroused in the U.K. over the Anglo-Japanese trade pact, signed on the 29th January, is significant for its non-party character. The opposition has come mainly from the political sections, Labour and Conservative, representative of Lancashire's interests. It is an irony of history that these sections, which once were the citadels of free trade, should now feel the need for protection on very narrow lines. The Government of the U.K. deserves tribute for its boldness in sticking to the course dictated by wise considerations of national and international interests. Japan's trade with the sterling area showed a deficit of over £110 million by the end of last year and the choice was between allowing Japan to reduce her imports to that extent or enabling her to sell more to the sterling area even at the risk of competition to British goods. The latter course has been chosen and the effect of the new agreement would be to balance the trade at about £400 million, with the balance still in favour of Britain. British export trade in woollen and engineering products and oil are expected to benefit while Japan would be helped by the readmission of goods, banned since the war. Japan will be allowed to send £3 million worth of cotton and rayon goods (mainly grey cloth which will be processed and re-exported) and paper and board. This trade would help Japan to import, among other things, cotton from Uganda and Pakistan, Malayan tin and rubber and Australian wool.

The leading British Left Wing papers have supported this liberalisation of trade as a step in the right direction, and the official view is that Japan is an important trading area for the sterling group of countries and should be encouraged to trade more with all the members. But while there is great caution in British business circles about the prices at which Japanese goods will compete with British products, the feeling in Japan is strong that rising costs have priced Japanese goods out of many markets and further rationalisation was necessary. Lancashire exporters fear the loss of their colonial markets but it is pointed out that they have not nursed these markets too well so long as they were sheltered from competition. The stimulus of competition, the development of cloth consumption through cheaper cloth and the maintenance of purchasing power of the people through larger exports can create much better opportunities for higher levels of trade all round. Lastly, Japan, cut off from her trade with mainland China, has to be offered other opportunities for her economic well-being.

CANE CESS—AN IMPROPER LEVY

The cane-growers' strike in U.P. which is spreading to Bihar provides opportunity for drawing attention to the manner in which the internal politics of these two States is being allowed to influence the fate and fortunes of the Indian consumer and an industry of national importance. The cane cess of three annas a maund levied by these States is an undisguised tax on a raw material. The yield of the tax is devoted almost exclusively for revenue purposes, though in origin, the cess was a special levy, the proceeds of which were to be earmarked for cane development as it is being done in Bombay. The pretence about cane development has long been abandoned in these two North Indian States when the cess was increased from one anna per maund to three annas in 1947-48. Thereafter, it has proved a rich milch cow and nothing has been done despite the remarks of the Tariff Board that the levy of tax was "as a rule wrong in principle and it is particularly objectionable when imposed on the raw material of an industry which has been nursed by the consumers all over the country for a period of 18 years and for which they have made a heavy sacrifice during all these years". It is, however, time to awaken people concerned to the impropriety of the whole arrangement.

The Constitution does not confer any such specific taxing power on the States. Article 277 of the Constitution has permitted the continuance of the taxes, duties, cesses and fees lawfully levied by States and municipalities, immediately before the commencement of the Constitution, and the application of the yield to the "same purposes", until provision to the contrary is made by Parliament by law. Therefore, the power now lies in the Government of India to resort to legislation to abolish a State tax which is highly improper, or to prescribe the cess limits; six pies per maund should be the maximum necessary for cane development as such. That legislation will not apparently be forthcoming because of the politics of the two States involved in such legislation. There is no clear alternative remedy in sight but it is conceivable that an intrepid factory owner would take it into his head to challenge the validity of this improper tax before the courts. One ground for contention would be the interpretation of the term "same purposes". Are these purposes to be inferred from the original objects underlying the U.P. Control Act as it was operated until

1946-47, or from the subsidiary purposes developed later of exploiting the tax for revenue purposes? Or, does the mere act of appropriation—or of misappropriation—to State revenues before 1950 constitute a final definition of the purpose? The U.P. Act itself does not contain a statement of the object of the cess to make matters simpler.

LAND CENSUS

At last, there is hope that the census of landholdings, which was envisaged as part of the land policy of the Five-Year Plan, will soon commence. The Ministry of Food and Agriculture has entrusted the work to the State Governments, which have *not taken* much initiative *in this* matter despite their political interest in land reform and their direct and immediate responsibility for agriculture and its development. According to the Population Census of 1951, village papers were not available for one-fourth of the total land area but not much is known about even the other three-fourths for which some data are available. In most cases reform has preceded the collection of details about the impact of new measures. In Bihar, for example, the implementation of Zamindari abolition has been delayed by the absence of village revenue records and the necessity to create new machinery along with fresh collection of data, to cope with the work of direct collection of revenue, which the intermediaries managed formerly. The proposed census of landholdings is by no means a clear-cut task; the first attempt would probably yield only imperfect results. It is desirable, therefore, that the technique should be carefully perfected by preliminary sample surveys in selected divisions in each general zone with a distinct tenure.

It is easy to lay too much emphasis on the size of holdings owned or taken on lease. The opportunity must be taken to investigate the extent of *fragmentation* in the areas in which that process has been carried too far. The proposed tests for classifying the productivity of the soil on the basis of revenue settlement records and crop-cutting surveys have an important bearing in determining our knowledge of the size of economic holdings in particular areas. But such productivity data cannot reveal the extent to which low productivity is due to the soil and where it is due to lack of irrigational facilities. Grading of land according to irrigational facilities (*including* normal average rainfall) should also be undertaken.

The proposal to treat occupancy rights as ownership is not inappropriate; the Population Census which classified agriculturists as owner-cultivators and tenants proceeded practically on that basis. In any case, it is imperative that there should be uniformity in all major matters about the standards to be adopted so that the data may be comparable *region-wise*.

THE FUTURE OF EDUCATION

The recommendations of the Central Advisory Board of Education on secondary, elementary and girls' education have been conceived in satisfactory terms but there is bound to be a great gap between precept and practice. Eight years of elementary basic education is to be the general future educational pattern. If, as now contemplated, the period of secondary education should be sufficiently diversified to provide training in humanities, sciences, technical subjects like agriculture and commerce, fine arts and home science, the course of elementary education should be made adequate as a preparatory course. For a considerable time to come, the end of elementary education will also be school-leaving stage for a substantial proportion of pupils. Most of the schools dealing with these age-groups will be government schools, which is an advantage in the sense that it would help uniform insistence on a system of training of the teacher. The emphasis at this stage has to be more on the qualities of the teacher and the teacher's teacher. The real objects of educational policy must percolate through these media, not through official resolutions, or merely through the proposed financial assistance for opening libraries and training in practical subjects, though they are good as far as they go.

The Board has recommended a triple benefit scheme for teachers (pension and provident fund and insurance) and the abolition of tuition fees in training colleges. The suggestion that the wives of school teachers should be appointed as school-mothers and care-takers may augment the teachers' incomes but will not help to resurrect the virtues of the ancient "gurukula'. Rent-free accommodation for teachers will long remain an unrealised objective, especially in the towns and cities. It was, however, quite proper to have emphasised the need to foster contentment among the teachers so that more persons, especially women, may be attracted to the profession.

The diversification of the curricula in the secondary school stage has to be achieved without sacrifice of depth in some of the subjects, especially when it is proposed to make the completion of the secondary school course the minimum qualification for the public services as recommended by the Secondary Education Commission. On the Madras experiment on the shift system in primary schools, the Board has expressed approval, qualified with an emphasis on controlling out-of-school activities which is hardly practicable under present conditions. Having found that instruction for over 3 hours was not necessary, the children are being left to live in contact with their families or community as best as they can. It may be desirable, however, that in urban areas it should not be repeated because the spare hours may be spent in undesirable ways and surroundings.

AID FOR PAKISTAN'S NATURAL GAS

The Commonwealth Development Finance Corporation has announced in London that it has agreed to make an investment of the rupee equivalent of about £1,000,000 in the equity of a natural gas transmission undertaking in Pakistan called the Sui Gas Transmission Company Ltd. This is the first commitment of this private enterprise corporation, which has the backing of the Bank of England, since its formation was announced at the end of the Commonwealth Economic Conference in 1952. The total capital cost of the project —developed by the Pakistan Industrial Development Corporation in association with the Burmah Oil Company, which discovered the gas field last year, and with the approval of the Pakistan Government—is estimated to be about £9,000,000. In addition to the Commonwealth Finance Corporation loan, an application has been made by the Sui Gas Company to the International Bank for £5,000,000. The remainder of the equity capital will be provided equally by Burmah Oil, the Pakistan Industrial Development Corporation, and private investors in Pakistan.

Burmah Oil, through one of its subsidiaries, will be responsible for the management of the Sui Gas Company under a long-term agreement. The gas company intends to transmit natural gas from a large field in Sui, in south-eastern Baluchistan, by a pipeline over some 350 miles to Karachi through the lower valley of the Indus. The natural gas transmitted by the pipeline will be available for use over a wide area to help the development of the agricultural and industrial capacity of Western Pakistan and supplement the indigenous fuel and power resources of the country. One of the special purposes of the Commonwealth Finance Corporation was that it should encourage those projects which would increase the resources or strengthen the balance of payments of the sterling area and this project is said to have satisfied the test.

Paints are his Province

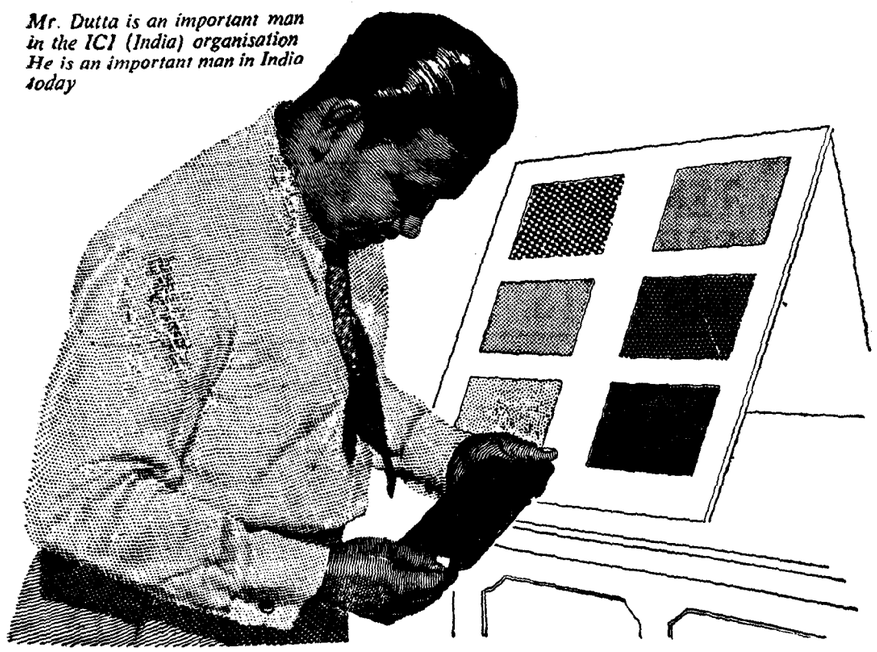
Mr. J. Dutta, whom you see here, is a specialist on paints.

Paints, for both decorative and protective use, are essential to many industries today. Their wide and varied application in many new directions gives rise to a number of allied problems. Which paint would suit a specific purpose? How can a paint be made to do a better job? Why is a particular paint behaving in an unsatisfactory manner?

These are the types of queries, vital to industrial efficiency, that demand the attention of our Technical Experts. Mr Dutta, as Plant Superintendent of the modern paint factory at the Alkali & Chemical Corporation of India, Rishra, near Calcutta – a subsidiary of ICI (India) – plays an important part in solving these problems

His work results in many benefits to our industries . . in indicating more effective paint-defence against rust and corrosion . . . in giving a better finish to the wide range of products now made in India.

Mr. Dutta is an important man in the ICI (India) organisation He is an important man in India today



. . . contributing to India's progress and prosperity

ICI

ICG 211



Every Drop Counts

Well watered and good seeds sown, the Good Earth yields richer harvests.

FOR YOUR AND POSTERITY'S BENEFIT

Save and Invest in

These Guaranteed Securities

NATIONAL SAVINGS CERTIFICATES	Rs. 150 for Rs. 100 in 12 years.
TEN-YEAR TREASURY SAVINGS DEPOSITS	3½% Interest paid annually and capital secured for 10 years.
POST OFFICE SAVINGS BANK DEPOSITS	2% Interest added on deposits up to Rs. 10,000/- (on deposits up to Rs. 20,000/- in the case of joint accounts).

Interest earned is free of Indian Income-Tax

FROM SMALL SAVINGS TO GREAT BENEFITS

These Tubewells Irrigate more land & give more Food

For further information and/or rules governing these investments please write to the National Savings Commissioner, Gorton Castle, Simla-3, or the Regional National Savings Officer of your State.

A.C. 513

WORLDGRAM

TRADE

Customs Barrier Between India and Kashmir Lifted: The removal of the customs barrier and the financial integration between India and Kashmir follows the agreement signed between the Union and Kashmir Governments. Elimination of barriers is expected considerably to bring down prices of goods, and dispel the psychological two-nation feeling; and will consequently aid the promotion of better relations between India and Kashmir.

TRANSPORT

World Shipping Tonnage: According to Lloyd's Register of Shipping, the total world shipping tonnage increased from 90.18 million G.R.T. in June, 1952, to 93.35 million G.R.T. in June, 1953. The U.S.A. with the largest mercantile tonnage in the world accounted for 27.23 million G.R.T. showing a decrease of 8,000 G.R.T. as compared to June, 1952, total. The Commonwealth had a total tonnage of 22.23 million G.R.T. showing an increase of 29,000 G.R.T. The U.K. and Northern Ireland with 18.58 million G.R.T. showed a decrease of 40,000 G.R.T. The largest increases were shown by Liberia and Japan recording an increase of 5.36 lakh G.R.T. and 4.63 lakh G.R.T. respectively over 1952 figures. The world total of oil tankers increased by 1.97 million G.R.T. to 21.96 million G.R.T. representing 24 per cent of all steamships and motorships as compared with 22 per cent at the end of June, 1952. The U.K. and Northern Ireland had the largest fleet of oil tankers in the world with 4.65 million G.R.T.

AGRICULTURE

Central Cotton Committee Meeting: The Indian Central Cotton Committee meeting in Bombay is expected to review the progress made in cotton extension work during 1953-54 and draw up plans for 1954-55. Increased production of long-staple cotton of 1-3/16" staple, of great importance to the national economy is to be considered. Schemes for an all-India cotton marketing survey, preliminary to the implementation of the recommendations of the Cotton Marketing Committee, will also come up before the Committee. Agenda includes the extension of several schemes which complete their sanctioned period, and the reorganisation of cotton research in respect of the Committee's schemes in the new State of Andhra.

* * * * * * *

U.P. Tarai Farm Yields Rs. 16 Lakh Profit: The 16,500-acre U.P. State farm in the Tarai colonisation area has made a profit of Rs. 16 lakhs since its inception. The total expenditure incurred by the U.P. Government on the Tarai colonisation area is Rs. 1.64 crores, while the total receipts amounted to Rs. 1.80 crores. The State Government has reclaimed 100,000 acres of land in this area, and 180,000 acres in other adjoining areas. About 7,500 families have been settled in the area, and a sum of Rs. 50 lakhs advanced so far as loans to them. About 100,000 acres have been brought under sugar-cane and other cultivation.

* * * * * * *

Plantations Conference Concludes: The Tripartite Industrial Committee, which recently met in Calcutta, concluded its fifth session. The Committee recommended that the Industrial Disputes (Amendment) Act of 1953, relating to the payment of compensation during lay-off, should be extended to the Plantations Industry with effect from April, 1954. The Committee also recommended that the Plantations Labour Act, 1951, the enforcement of which was delayed owing to 1952 slump in the tea industry, should be enforced with effect from April, 1954.

INDUSTRY

Industrial Production in U.S.: U.S. Industrial Production in 1953 was estimated at more than 36 per cent above the 1947--949 annual averages. Steel production touched a record of 112 million tons. New construction reached a record value of nearly $35,000 million—of which $23,500 was for private purposes. Aluminium, Rubber and Chemicals were among the many other industries that set new records in 1953. About 6.1 million passenger automobiles were made—the previous record in 1950 was 6.7 million.

* * * * * * *

U.S.A. Plans Atomic Power in Industries: The 15th semi-annual report of the Atomic Energy Commission recently revealed plans to utilise atomic heat in heating buildings at one of its big plants, first large-scale atomic power reactor in the quest for economical industrial power, which is expected to be fully developed within the next five years. In the medical field promising research has been made towards using radio-active thulium in a portable apparatus which might replace the X-ray apparatus in field equipment.

* * * * * * *

Burmese Textile Printing Industry: In January 1952, as part of the United Nations Programme of Technical Assistance to Cottage Industries in Burma, Mr. Suresh Sharma, of Imperial Chemical Industries (India) Ltd., was asked to take up a United Nations appointment as a textile printing and finishing expert and assigned the task of developing the Textile Printing Industry in Burma. The Textile Printing Centre in Rangoon has a variety of students, the responsibility for training them resting mainly on its own graduates who have shown promise as teachers. The 19 students with varied backgrounds who receive training range in age from 17 to 45 years. Commercial production on individual orders with a distinctive Burmese style of designing is in process. The sales rose from K. 310.13 in August to K. 2,334.86 by December, 1953, which makes the training programme self-supporting. Mr. V. K. Newalkar, a colleague of Mr. Sharma's from I.C.I. and also on a T.A.A. assignment, assisted Mr. Sharma at the Rangoon Centre and attended to the teaching of screen-making technique as also making of screen for demonstration. Working on cloth purchased from the market they make a profit of 6½ per cent in the case of regular prints where the foreign competition is severe and up to 110 per cent profit on fancy prints on house linen etc. The tools they need involve a small expenditure on a screen which is recovered from every yard of cloth printed and works out to a very small fraction.

* * * * * * *

Thirty-eighth Swiss Industries Fair: The Thirty-eighth Swiss Industries Fair will be held in Basle from the 8th to 18th May, 1954. It offers an excellent display of the extremely varied production of Swiss industry, the goods of which have won for Switzerland a sound reputation throughout the world. On a total area of 1,300,000 sq. ft. some 2,500 factories will present their combined display which is considered to be one of the finest of its kind in Europe. Prominent amongst the Exhibition will be the traditional Swiss exports, such as watches, textiles, textile machinery, electrical equipment, machinery, instruments, apparatus, chemicals etc.

* * * * * * *

Thomas to Manage West Australian Operations of Caltex Affiliate: The appointment of Mr. J. W. Thomas as Manager, Australian Exploration, was announced recently by West Australian Petroleum Proprietary, Ltd., an affiliate of the Caltex Group. Mr. Thomas replaces Mr. C. T. Newcomb, retiring General Manager.

Mr. Thomas born in Portland, Oregon, on October 5, 1914, graduated from the University of Washington in 1938 with a B.S. in Geology, he joined Socal in October of the same year. Prior to his transfer to Caltex he worked as a field geologist in Arabia and California, and was geologist on drilling wells and drilling foreman at various fields in California and Washington. Mr. Thomas has had considerable experience as an employee of the California Texas Oil Co. Ltd., the Standard Oil Company of California and in the New York Office of Caltex.

FINANCE

Funds for Agricultural and Animal Husbandry Schemes: Allotment of funds for new agricultural and animal husbandry schemes recommended for sanction by the Advisory Board of the Indian Council of Agricultural Research is the main item on the agenda for the meeting of the Council's Governing Body scheduled to meet in the Central Hall of Parliament House on February 10, 1954. The schemes approved by the Board in December last related, among others, to (1) a programme for conducting model agronomic experiments in co-operation with the cultivators during 1954-55 and 1955-56, (2) investigations into the farming methods and practices, (3) pasture-land development, (4) a national index of field experiments, (5) all-India survey of indigenous implements in common use, (6) utilisation of foreign breeds for the development of poor non-descript cattle in certain selected hilly tracts and heavy rainfall areas, (7) establishment of an artificial insemination centre, (8) survey of cattle sterility, (9) value of urea in the rations of cattle for growth and milk production, (10) effects of castration of buffalow bulls, and (11) setting up of a research-cum-extension centre on bee-keeping in Delhi State. Other schemes to be considered by the Governing Body for financial sanction include (a) establishment of research stations for pepper and cardamom in Mysore, Travancore-Cochin and Assam, (b) research in turmeric and ginger in Andhra and Assam respectively, (c) construction of a building for the Statistical Wing of the I.C.A.R., (d) award of fellowships to diploma-course students in agricultural statistics, and (e) assignment of Dr. F. Yates, F.A.O. Statistical Expert, to the I.C.A.R. Proposals for the continuance of current research scheme will also be taken up.

* * * * * * *

World Bank Mission to Malaya: A World Bank Mission is in the Federation of Malaya, conducting a general survey of economic conditions. The Mission is expected to submit recommendations designed to assist the Government of Malaya and Singapore in preparing long-term development programmes. These recommendations will relate to priorities for public capital expenditures, the rate at which these expenditures can be undertaken, measures for increasing production, and economic and fiscal administrative policies necessary for the success of the programme.

* * * * * * *

Soviet Technical Aid to Kabul: Soviet technicians in Afghanistan will build two big grain silos, a flour mill and a huge bakery, by the end of 1954 under an agreement signed recently between the Governments of the U.S.S.R. and Afghanistan. This is the first agreement for technical assistance signed between the two countries. These projects are expected to cost three and a half million dollars out of loans bearing three per cent interest. Repayment of the loans in kind will commence at the end of 1956, when Afghanistan will export wool, cotton and oilseeds to the U.S.S.R.

* * * * * * *

U.S. Institution's Grant: The Carnegie Corporation of New York announced the award of two grants totalling 49,000 dollars to the Royal Institute of International Affairs, London, to further Commonwealth relations. A sum of 24,000 dollars has been donated towards a Commonwealth conference in Pakistan next March, and a fund of 25,000 dollars administered by the Institute has been established to enable Dominion students to attend academic institutions in Britain. The Corporation was founded by the late Andrew Carnegie, the Scottish-born steel magnate, for "the advancement and diffusion of knowledge and understanding among the people of the United States and of the British dominions and colonies.

MISCELLANEOUS

Central Advisory Board of Education to Meet: The 21st Annual Meeting of the Central Advisory Board of Education is to meet shortly in New Delhi. The Board will discuss the report of the Secondary Education Commission along with the report of the Committee on the implementation of its recommendations. Other items on the agenda are the recommendations of the University Education Commission, and reports on the progress in technical education, rehabilitation of refugee students and teachers, the working of the Scheduled Castes Scholarship Scheme and the working of the Department of Anthropology.

* * * * * * *

Development of Maternity and Child Welfare Training Facilities: In India nearly a quarter of a million women die annually from causes arising out of child birth and for every women who dies as a result of pregnancy or child birth, 20 suffer from impaired health. Nearly half the total annual deaths at all ages in India takes place among children under 10 years and, of this, about half the number is among those under one year of age. Under a joint project of the Government of India and the U.N.I.C.E.F., each contributing approximately Rs. 45 lakhs, the existing Maternity and Child Welfare Section of the All-India Institute of Hygiene and Public Health, Calcutta, is being expanded to meet the needs of trained personnel in the countries comprising the South-East Asia region. The first course for Public Health Nursing, with 20 seats, has been inaugurated during the current academic session.

* * * * * * *

Malaria Control: U.N.I.C.E.F. Target for Mass Health Work 1954: At the end of 1954 the number of persons protected malaria will probably reach 125 million. Malaria will be under control in Asia within ten years. A large portion of U.N.I.C.E.F.'s aid is going into three mass health compaigns, directed at specific diseases affecting children, namely: malaria control, T.B. control and yaws control. Three mass health compaigns in Asia for 1954 are revealed in the report of U.N.I.C.E.F.'s targets. (a) To protect 7 million people with U.N.I.C.E.F., D.D.T., (b) To have the D.D.T. plants in Pakistan and India in production and (c) To test 26 million children against tuberculosis by B.C.G. vaccination.

* * * * * * *

F.A.O. Membership Increases: The Seventh Session of the F.A.O. Conference saw the Organization's membership rise from 68 to 71. Early in the Session Libya's application for membership was approved and Iran, a member of the Interim Commission which formed F.A.O., elected to take up membership. One of the final Plenary Sessions approved the application of Yemen for membership. At the close of the Seventh Session, Conference delegates voted to raise the Organization's budget to $6,000,000 for 1954 and for 1955. The highest previous budget level was $5,250,000 in 1953.

NEWS IN BRIEF

INDIAN

India and Haiti took their places on the twelve-nation United Nations Trusteeship Council for the first time recently. The Council, which is expected to be in session at United Nations Headquarters until March 12, will consider reports from the Administering Authorities of Trust Territories in Africa.

* * * * * * * *

The Government of India do not propose to sell the large stock of refined smuggled gold with the Government mint in the open market either by auction or otherwise. This stock is expected to be handed over to the Reserve Bank of India to strengthen its gold reserves. An official announcement is expected soon in this connection by the Union Governmet.

* * * * * * * *

The Government of India have decided to refer the question of wages and pay-scales of coal mine workers to a board of adjudication. Mr. Abid Ali Jafarbhoy, Deputy Minister of Labour, Government of India, stated that the personnel of the board would be announced shortly.

* * * * * * * *

Mysore State, deficit in food, is to get a sum of Rs. 1 crore for the promotion of Grow-More-Food schemes during 1954-55, according to a decision reached between representatives of the Central and State Governments.

* * * * * * * *

The second biennial conference of Sugarcane Research and Development Workers will be held at the Sugarcane Research Station, Jullundur, this week under the aegis of the Indian Central Sugarcane Committee.

* * * * * * * *

The President has issued an ordinance to extend the life of The Press (Objectionable Matter) Act till January 31, 1956. The ordinance follows the provisions of an amending bill now pending before Parliament. The jury will decide whether any newspaper, news-sheet, book or other document before it contains any objectionable matter. A sessions judge will decide whether there are sufficient grounds to demand a security or direct the forfeiture of any security already deposited.

* * * * * * * *

The posts and telegraphs department has decided to issue souvenirs to mark the India Postage Stamp Centenary celebrations in October this year. "The History of the Post Office" is to have two sections, one devoted to a historical survey of India's postal service while the other will deal with Indian postage stamps issued during the last hundred years.

* * * * * * * *

According to reliable information in New Delhi, Rourkela in Orissa has been selected as the site for the Government of India's new steel plant. It is stated the German experts who visited Rourkela and the iron-ore areas in Orissa in November last have recommended Rourkela as the most suitable site for the steel plant, mainly on account of its proximity to raw material centres and cheap electric power from Hirakud.

* * * * * * *

The Government of India have recently made available further funds towards their scheme for scholarships for Backward Groups amounting to Rs. 10 lakhs, thus raising the total grant for the scheme to Rs. 60 lakhs for 1953-54. The total number of scholarships awarded under the scheme is 11,624; 6,099 being for Scheduled Castes, 1,644 for Scheduled Tribes and 3,881 for other Backward Classes. Six scholarships are to be awarded during 1953-54 for overseas studies to candidates from these three groups.

FOREIGN

The Prime Ministers of India, Ceylon, Pakistan, Burma and Indonesia are expected to meet sometime in April to discuss common problems. Sir John Kotelawala, Ceylon Prime Minister, who last month proposed the meeting, has said the idea is to make the world realise the existence of 600 million Asians.

* * * * * * * *

The United States Air Force announced recently that it was sending a unit of B-47 jet bombers capable of atomic warfare to French Morocco. About 45 planes would fly non-stop to the new base in French Morocco sometime this month. It was announced that three Moroccan air bases were operating and a fourth base was still under construction.

* * * * * * * *

Chinese Bank Savings in 1953 were 126 times above 1949 level. Total deposits amounted to 12,700,000 million Yuan. The total amount of interest paid by the People's Bank on Savings in 1952 was 780,000 million Yuan (equivalent to £11.5 million).

* * * * * * * *

The total circulation of daily newspapers in the United States set a new record in 1953 with 54,472,286 net paid copies. The trade weekly "Editor and Publisher" said there were 1,785 morning and evening daily newspapers, a decrease of one from 1942. The circulation figure reflected an increase of about one per cent over the previous year.

* * * * * * * *

An average of 3,700 foreign students go to the U.S.A. every year. Since 1929, 17,000 civilians have received grants from U.S. Government agencies for technical training. In addition the United States Government has given training grants to about 3,500 foreign nationals under the technical assistance programmes administered by the Point-Four, T.A.A. and the Institute of Inter-American Affairs.

* * * * * * * *

The United Nations will be able to continue its emergency aid to European refugees, at least for the time being, following new contributions to the U.N. Refugee Emergency Fund. Australia has announced a second donation of £A 25,000, and Switzerland a supplementary donation of Fr. 50,000 (approximately $11,500).

* * * * * * * *

The average amount of milk powder purchased by the United Nations Children's Fund for free distribution to children, represents approximately 15 per cent of the world's yearly export-import trade in dry milk. From 1947 to the end of 1953, U.N.I.C.E.F. had shipped a total of approximately 460 million pounds of dried milk to some 11 million children and mothers all over the world.

* * * * * * * *

According to the 1953 census, of the 16,927,275 inhabitants of Yugoslavia, 1,507,215 depend on industry, 10,105,320 on agriculture, 170,518 on forestry, 552,873 on building industry, 552,873 on transport, 529,080 on trade and catering, 39,833 on banks and insurance, 736,940 on crafts and 19,518 on cottage industries.

* * * * * * * *

The B.O.A.C. have introduced a new Comet service between London and Nairobi with effect from April. The route will be via Rome, Beirut, Cairo, Khartoum and Entebbe.

* * * * * * * *

An International Committee of three experts will meet at the U.N. headquarters on March 1 to see what progress has been made in efforts to track down by chemical methods the origin of illicit supplies of opium. The experts are: Dr. Axel Jermstad of Norway, Dr. P. S. Krishnan of India and Dr. Lyndon Smell of the U.S.

THE EASTERN ECONOMIST
PUBLICATIONS

		PRICE Rs.	As.	Ps.
1.	The Economic Progress of Russia, 1860-1948 by E. P. W. da Costa ..	1	8	0
2.	India's Foreign Trade: Part I by L. K. Jha	1	8	0
3.	India's Foreign Trade: Part II by L. K. Jha	1	0	0
4.	The Welfare State by T. W. Kent	1	0	0
5.	Foreign Capital in India by Taya Zinkin	1	8	0
6.	Industrial Labour in India by Dr. N. Das	1	0	0
7.	Japan's Post-War Industrial Recovery by Sherwood Fine	1	8	0
8.	Radical Humanism by M. N. Roy	1	8	0
9.	What Goes on in the U.S.S.R.? by "Odysseus"	1	4	0
10.	Communism and India by Philip Spratt	1	8	0
11.	India and The Free World	0	8	0
12.	India's Food Problem by P. A. Gopalakrishnan	1	4	0
13.	A Programme of National Education for India by Humayun Kabir ..	0	8	0
14.	Deficit Financing, Capital Formation and Price Behaviour in an Under-Developed Economy by V. K. R. V. Rao	1	8	0
15.	Men Without Work by Dr. N. Das	1	0	0
16.	Sea Power in the Indian Ocean by C. S. Venkatachar	0	8	0

ANNUAL NUMBERS

1.	India 1900-1950 and India in 1949	5	0	0
2.	India and the World and India in 1950	5	0	0
3.	"A Social History of the Indian People" and India in 1951	5	0	0
4.	"India and the Free World" and India in 1952	5	0	0
5.	"India in Asia" and India in 1953	5	0	0

The Eastern Economist makes a special offer

(a) Any set of publications of value Rs. 6 can be had for Rs. 5.

(b) Any set of publications of value Rs. 10 can be had for Rs. 8.

POSTAGE EXTRA

Special Enquries to:-

The Manager

The Eastern Economist Ltd.

52, Queensway, New Delhi

A Window On The World

HARSH VOICES

By

ODYSSEUS

THAT SPARKLING CREATURE, Rebecca West, published a book of short stories between the wars called "The Harsh Voice", which included one of the most brilliant tours de force in the English language, a tale entitled "There Is No Conversation", which illustrates the difficulties that impede real understanding between a man and his wife, or indeed between any other two or more human beings each of whom is convinced that his own outlook on the world is wholly obvious and wholly reasonable.

I was reminded of Rebecca West's story by reading the reports published in the British press of Pandit Nehru's recent presidential speech at the Kalyani Congress Party meeting in which he uttered warnings about U.S. aid to Pakistan and about India's attitude towards the two power blocs and the Commonwealth, and by listening to the comments made upon this speech by a group of members in a club to which I belong.

As I listened I had a sinking feeling that Pandit Nehru's speech had created an effect on Western hearers exactly opposite to what he had intended and exactly opposite to its effect at home in India. What was evidently intended to promote reflection in the West, leading to a modification of Western policy, and what sounded obvious and reasonable in India, struck the West as so doctrinaire and so out of touch with reality that no advice that it contained could possibly be taken seriously. What was the height of reason in India presented itself as the height of unreason in the West. The task of trying to help you to see yourselves as you are seen over here in London is thankless, because, as you read, your indignation and resentment are likely to fall on me who am, as the French say, for nothing in all this: I am merely reporting. The importance of what I have to report lies not in its truth, justice, wisdom, or lack of them, but in the fact that it is a distillation of views expressed by a group that included diplomats, civil servants, editors, and a couple of politicians—a cross-section of people whose opinions make policy not only in Britain but in the Western world, for my club includes a substantial proportion of foreign diplomats.

WANTED: AN ASIAN AREA OF PEACE

Pandit Nehru said that India would not take part in any war, and he hoped that other Asian countries, by doing likewise, would thus build up an area of peace; the larger this area, the more danger of war would recede.

My friends said that, of course, if Pandit Nehru could persuade the U.S.S.R. and China into his area of peace, all the world would rejoice; but it was precisely because Soviet, Chinese, Indian, Pakistani, Iranian, Afghan, Turkish, and half a dozen other Asian interests were at variance over a varying number of points that the need for mutual consultation arose among those nations whose interests were identical.

If an area of peace, said my friends, were defined as an area that would attack no one but would defend itself if attacked, this definition covered a majority of the earth's surface in 1914 and 1939—the weakness of the definition lay precisely in the fact that it covered only a majority and not the whole. In both 1914 and 1939, neither the U.S.A. nor any country of the Commonwealth wanted anything but peace—the proof being that none of these countries were prepared for war and spent the first years of both wars on the defensive while they painfully accumulated sufficient force to go over to the attack.

In both wars, the U.S.A.'s position bore close resemblances to that proclaimed as India's by Pandit Nehru: the U.S.A. was strongly neutralist. In 1937, U.S. public opinion polls indicated that most Americans thought that U.S. participation in World War I had been a mistake. As the U.S. historians, Langer and Gleason, say in their monumental work "The Challenge to Isolation", American aversion to foreign entanglements, and their determined opposition to any political or military commitment, found their most eloquent expression in the effort to ensure by means of the Neutrality Legislation of 1935-37 that the U.S. would not be drawn into another war. A Congressional Investigating Committee had just demonstrated to the satisfaction of most Americans that World War I had arisen from the mad imperialist ambitions of the European antagonists, and that the U.S. had been sucked in by insidious propaganda and the machinations of powerful munitions-making interests. The Neutrality law, intended to forestall the repetition of this calamity, prohibited the export of arms to belligerent nations, forbade private loans to nations at war, and authorised the President to forbid Americans to travel in the ships of warring states. No loophole was left which would enable any foreign nation to argue that American intervention necessitated a declaration of war against her. Public opinion was wholly behind these Acts. According to Pandit Nehru's arguments at Kalyani, the U.S. Neutrality Act, which gave legal force to the policy which he is now advocating for India, should have ensured America's immunity from foreign attack. But what (said my friends) it did ensure was to make the Japanese (an Asian nation, by the way) feel confident that they could safely set up a new imperialism in Asia without fear of America; they reckoned that even if the American worm turned they could make sure that its turn was innocuous by destroying in advance the (neutral) American fleet at Pearl Harbour. If, after that, the Americans and their allies had any mind to dislodge the Japanese from Asia, it would be too late: the Japanese position would have been made impregnable long before.

The fact is that no nation, not even the rich and powerful Americans, who by their Neutrality Acts showed themselves more in earnest about neutrality than the Indians (who have passed no such Acts as yet), can stay neutral if its geographical position and its political, economic, or strategic, interests touch those of other nations to any appreciable extent. My friends conceded that the picturesque isle of Tristan da Cunha might, at a pinch, be able to pursue a successful policy of neutralism because it lies off the world's traffic routes and is of no interest to anyone. But India lies mightily athwart one of the world's key strategic areas. Her interests and those of several Asian nations touch and clash. She hasn't a chance of neutrality.

SOVIET SUBMARINES IN THE PERSIAN GULF?

Instead of preaching to us, my friends said, India would be better occupied in asking herself where her interests lie and in clarifying her obviously muddled thinking (sic). For example, India today sees U.S. and British warships and submarines moving freely about the Bay of Bengal, the Arabian Sea, and up to the

Persian Gulf, without a qualm. Such movements are thought to be of so little interest that they are scarcely reported in the Indian press. But would India, could India, be as indifferent if the present regime in Iran collapsed and were followed by a Communist regime which allowed Soviet submarines a base in the Gulf?

"That has not yet happened," I said. "If it does, Indian policy would, I am sure, be revised".

Such an attitude of wait and see, my friends retorted, was suicidal. If, however, the Kremlin were to receive simultaneous intimations from India and Pakistan that any intervention in Iran's affairs would be regarded as an unfriendly act and the presence of Soviet warships in the Gulf an act of war, the Soviets would hesitate to precipitate a crisis there, for the same reason that they obviously hesitate to precipitate a crisis in Europe, for—being better realists than India's foreign policy-makers make themselves out to be—the Soviets would know that war could not be localised in the Gulf but that the Anglo-American bloc would range itself on the Indo-Pakistani side before the Soviets had time to fire a shot.

"Why do you harp especially on Iran?" I asked. Because, they said, Iran is at the moment a terribly weak spot—economically and politically—in Asia's defences. They recalled how Hitler was left free to absorb Austria and Czechoslovakia, and Stalin permitted to erase from the map half a dozen states on his borders, because in those days everyone was busy appeasing the poor dictators who hadn't had a square deal and would soon join the satisfied nations if only they were allowed to help themselves liberally enough to other people's belongings. Hitler before the war and Stalin in the first post-war years knew this and acted on their knowledge.

My friends suggested that India ought to take warning from the fact that the only fighting that has gone on in the world in the past few years has not been in embattled Europe, ceaselessly vigilant behind its ramparts, but in peaceful Asia. In spite of all its distractions, Europe has built up such a united front that the U.S.S.R. knows that any funny stuff there would mean a world war, at once, at the drop of a hat, without argument. So the Soviets have turned their attention to Asia, where, except for Turkey, nobody is talking turkey to them in the words of one syllable that they understand, but where, on the contrary, everyone is professing friendship. The Soviets have been contained in Europe. They have been contained in Korea. But elsewhere in Asia, divided counsels, such as those of India and Pakistan, and wishful thinking such as that by the Congress President at Kalyani session, look good to the Kremlin.

My duty is done. I have reported what I have heard from people whose views, however erroneous, must be taken seriously. Harsh voices, maybe. But far from unfriendly.

A HINDUSTAN TIMES PUBLICATION

INTERNATIONAL SHORT STORIES

A collection of 41 selected stories from among those entered for the recent World Short Story Competition and the national competition held in India.

This book contains those five stories which shared the world prize of $5,000, including the now famous Indian story "Cyclone" which won $800.

TWENTY-THREE countries of the world and all the major regional languages of India are represented.

* Full Cloth Binding 420 Pages

Attractive Jacket * Price Rs. 8|-

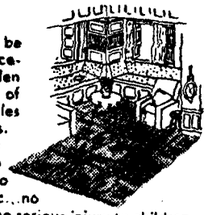
POSTAGE EXTRA

THE HINDUSTAN TIMES

NEW DELHI

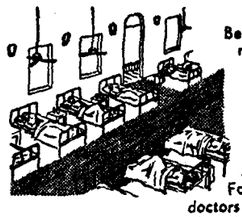
LINOLEUM—
The Versatile Floor Covering...

HOMES :



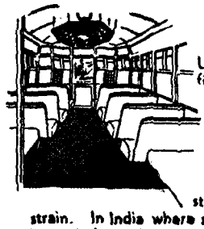
Linoleum can be laid on a simple cement or wooden floor in place of expensive marbles or mosaic floors. It is extremely comfortable to walk on easy to clean ..hygienic..no jarring noises, no serious injury to children even if they fall. Linoleum adds colour and brightness to the home, safeguards health, promotes quiet.

HOSPITALS :



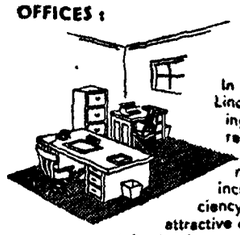
Being an hygienic, synthetic material, Linoleum is obviously an ideal floor-covering for hospitals and clinics. For nurses and doctors constantly on their feet, its "cushioning action" is a great boon; for the patients, no more disturbing noises from clattering feet.

PUBLIC TRANSPORT :



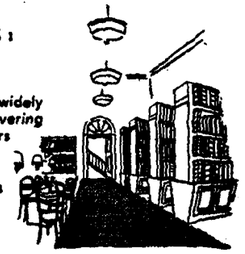
Tough, durable and easy to clean, Linoleum is the first choice for installation in public conveyances. Railway carriages, tram cars, buses.. Linoleum stands up to the strain. In India where so much luggage is carried in railway compartments, Linoleum seldom scratches or gets torn.

OFFICES :



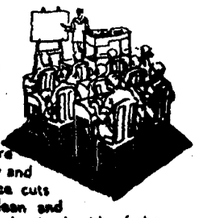
In the office Linoleum flooring effectively reduces noise and personnel fatigue, increases efficiency. For an attractive office maintained at low cost, Linoleum as a floor-covering is a real, long-term investment bringing everyday returns.

LIBRARIES :



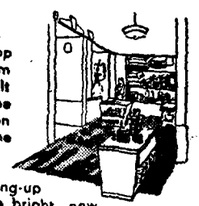
Linoleum is widely used for covering library floors because it minimises noise, makes for that quiet atmosphere so essential for concentration. No more screeching chairs or clattering feet.

SCHOOLS :



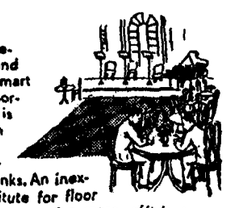
Because it reduces noise and contributes to a bright atmosphere Linoleum is a most effective floor-covering for school rooms and lecture halls. Its durability and ease of maintenance cuts costs. Easy to clean and hygienic it safeguards the health of the youngsters. Particularly suitable for gymnasiums and recreation rooms.

SHOPS :



For effective decoration of shop interiors Linoleum is unrivalled. It stands up to the heavy traffic on shop floors and the constant use of counters. Wash it clean at shutting-up time, and have a bright, new floor the next morning.

HOTELS AND RESTAURANTS :



Hotel managements have found in Linoleum a smart and durable floor-covering that is easy to clean and does not soil from spilled food or drinks. An inexpensive substitute for floor rugs and carpets, and a more efficient floor-covering than either.

Because of its resiliency, durability and economy Linoleum has become the world's most preferred floor-covering. We now offer this modern floor-covering in a wide range of patterns and vivid colours. Besides specialising in laying we can also suggest artistic floor designs to suit individual tastes and needs. Consult us or see our distributors today!

INDIA LINOLEUMS LIMITED

8, ROYAL EXCHANGE PLACE, CALCUTTA-1

Tourist Fares



TO LONDON

and many EUROPEAN

and other destinations

THROUGHOUT the WORLD



B.O.A.C. Tourist Services are a permanent feature—they will be available throughout the year.

B.O.A.C. *Off-season* Tourist Fares, offering considerable savings, are available up to 28th February, 1954, for journeys originating in India

Ask your local Travel Agent or B.O.A.C. Booking Offices in Bombay, Calcutta, Delhi and Madras.

Fly Tourist by

B·O·A·C

BRITISH OVERSEAS AIRWAYS CORPORATION

A DELHI DIARY

I PLAYED truant last week. And my only excuse is that I have something to show for it. A visit to the Damodar Valley is (like the Damodar River!) liable to miscarry; and my programme for two days spread steadily into seven. At this time one can spend a month in the Damodar Valley and never have a dull moment. One catches the spirit of activity in a vast number of works, any one of which could occupy one for a whole day. I have spoken about the Tilaiya dam and the Bokaro Thermal Station before. On this occasion I shall have some brief words to say about Durgapur and Maithon and some longer things to say about Chittaranjan and Sindri, which are the great industrial searchlights of the new industrialisation in this area. I use the word "searchlights" deliberately. They seem to be two great beacons showing the direction in which massive industrialisation in the new India can take place. For me they certainly lit up the countryside. But let me begin at the beginning!

ON THE ROAD

I have tried to find out by various visual aids where the Damodar Valley starts or (if you like!) where it ends. I have reached no precise conclusion, but consider much the best way is to set out from Calcutta across the great Bally Bridge, joining the Great North Road about ten miles outside Calcutta. One's first sight of the valley (or rather of the Damodar Valley Corporation!) is an enormous earth bund which seems to spring out of nowhere and comes out on both sides of the road long before one reaches Burdwan. This turns out to be the sides of a great canal which is to make of the District of Burdwan a new land flowing with water and power, which are (I suppose!) the modern equivalents of the ancient milk and honey. Then one arrives at the 114th mile to the deviation for Durgapur and (if one is with a D.V.C. enthusiast!) one makes the turn, weak and unresisting. One will hear on the way as much about the tremendous advantages of a new steel plant there as about the barrage whose virtues do not need to be proclaimed!

Being totally innocent of steel polemics, I must confess I still cannot see why Durgapur is better than Maithon or any other place where both coal and water are available. But there are mysteries in location which are clearly not intended for the common man, which (happily!) I can still claim to be. One site looks to me very much like another at least until it is transformed (as are both Durgapur and Maithon!) with bulldozers, earth-moving equipment of every kind, cement-churning plants and so on and so forth. Even the great and turbulent Damodar and Burrakur rivers look like prostrate patients before the operating engineers who keep hacking with all these terrible instruments at their sides! The grand conception of the dam at Maithon (which is being built at a cost of Rs. 13 crores!) is a good excuse for pause and wonder. One notices with a feeling of intense relief (after one has done the rounds) that it is time for tea!

And so the pace increases; fortunately Chittaranjan, which is just fifteen miles away, is another day! For the uninitiated Chittaranjan, now a place, was once a person and it was of this great person that Rabindranath Tagore wrote: "Man truly reveals himself through his gift, and the best gift that Chittaranjan has left for his countrymen is not any particular political or social programme, but the creative force of a great aspiration that has taken a deathless form in the sacrifice which his life represented". I like to think of this great factory which is designed to produce 120 locomotives a year (and may be worked up to 200!) as enshrining something of the spirit which Tagore found in Chittaranjan Das—"the creative force of a great aspiration". For as long as I can remember, we in India have wanted to make locomotives; now that the task has been accomplished, one wonders whether it really was such a great aspiration. Still no one can deny the creative force which stands in and all around Chittaranjan. And thus Tagore's words have come to fulfilment in a great, even if in a material, way.

NO ENGINE TROUBLE!

At Chittaranjan, India's Railwaymen who have been in absolute charge from the beginning have justified themselves. Differently from members of the Indian Civil Service, one does not turn naturally to engineers as managers; and yet here they have done as well as almost any managers within the country. There has been no significant labour trouble in this factory at any time; it has dared to use (and make useful!) East Bengal refugees as skilled craftsmen; it has already worked itself up to half peak capacity. A production bonus system (which has taken three full years to prepare!) has emerged from its period of incubation, and perhaps in (one?) great leap the target of 120 engines per year will be attained. As an example of great team-work, this has been a dashing success. Should one reserve judgment on efficiency; is not the proof of the pudding only in the eating? So it is; but I shall be rash. Chittaranjan, I assert, in the name of all the doubters, has already done the job!

And so one passes even in the factory area from West Bengal into Bihar. It is about fifty miles to Sindri, and I believe this time one is as much off as on the Great North Road. One can spend many hours on the way. There is the Indian Iron and Steel plant at Kulti on the way, collieries (of various kinds!) and the new Fuel Research Institute beyond Dhanbhad where there are great extensions under way. The country here is (alas!) not very beautiful; which black country ever was? When one arrives at Sindri one is even in a mood to be on friendly terms with the new coke ovens which are determined to darken another patch of green in a darkening countryside!

CONTINUOUS SINDRI

The grand fertiliser plant at Sindri devours great masses of all kinds of materials, particularly coke, water, and gypsum and in some mysterious way (which I am still unable precisely to describe!) eventually comes out with sheets of crystals of ammonium sulphate moving happily up a tireless conveyor. This is one of the most modern fertiliser factories in the world and (more important?) has become the cynosure of all the world's eyes. Colombo Plan delegates, World Bank Missions, Imperial Chemical Chairmen (or is there only one?) all arrive here by a process which has now become as nearly set as the ammonia process itself. They arrive from both ends. I conclude, therefore, that the public sector in New Delhi and the private sector in Calcutta have found at least one issue on which they are in complete agreement!

The great public interest in Sindri (and Chittaranjan) must be a little embarrassing to its hard-worked officers. Almost the most significant virtue of both institutions is that the officers concerned (no doubt gnashing their teeth soundlessly within!) present the most cordial of countenances. I have seldom seen Public Relations better performed than at Chittaranjan and Sindri. But may Production never fall to tell the tale!

ARGUS.

SPECIAL ARTICLES

THE STATE OF THE TREASURY

THE idea of forecasting the Central budget is likely to seem strange almost to the point of being ridiculous, because not only is the extent of non-official knowledge greatly limited, but the personal approach to the problem on the part of the Finance Minister will, in any country and at any time, be slightly unpredictable. These two limitations can make all the estimates go awry. No sanctity can, therefore, be claimed for the estimates and trends which are summarised at the end of this article. One justification for the attempt to describe the background of the budget will, however, remain, in spite of these shortcomings. This justification is that an attempt to describe the position, in so far as it can be described in the light of the known developments of the year, will clarify matters and will enable the public at least to ask the right sort of questions; and, perhaps, since the facts themselves cannot change, the attempt may not be irrelevant after all.

The main trends as disclosed by the nine-monthly estimates for the current year are now known. As far as the principal heads of revenue are concerned, they are that the liberalisation of imports-cum-increase in import duties in last year's budget has proved to be inadequate, to offset the decline in imports and the readjustments in the hessian and cloth duties, which were subsequently made. The re-opened treasury bill market has not led to anything like the net increase under floating debt, for which credit was taken in the budget, or the increase in treasury bill sales which the Fund's mission has more recently recommended. Both the negotiation of as well as the drawal of the amounts committed on account of World Bank loans have also proved in fact to be long-drawn-out processes. Similar remarks apply in respect of the now sizable grants to India under the auspices of the Foreign Operation Administration. At the same time the credits which are due under the terms of the partition settlement with Pakistan are now dislocating the revenue budget in appreciable measure.

Last year's budget was drawn up, as every budget inevitably is, partly in the hope that something good would turn up, which, having regard to the now depleted level of the Government of India's cash balances, will enable the Government to carry, all at once, the burdens of a heavy debt maturity, a huge loan account, increased defence expenditure, and sizable expenditure from special development funds. Treasury bill borrowing to the extent of Rs. 110 crores or thereabouts (net), to take place in the normal course, or to be forced on the Reserve Bank of India, if necessary, was one way out of the situation created by the necessity to undertake all these commitments, and it was this way out which ultimately proved to be easy. The International Monetary Fund's mission has since blessed this sort of borrowing within limits.

As far as the current year is concerned, the tables at the end of this article take these factors into account. For the rest, the entries are self-explanatory, except that allowances have been made for the lag in expenditure in respect of projects financed from the Centre's loan account, and that similar lags in respect of expenditure financed from the special development funds, as also a further credit to the public account on account of the Indo-U.S. technical co-operation fund, have also been allowed for.

There is no basic change in the position in the coming financial year. The arrears under the partition settlement will, however, be carried forward, and the rupee debt falling due in the next financial year, at Rs. 47.96 crores, will reduce the strain on the capital budget. The effect in the one case is to relieve the strain on the revenue budget, just as in the current year it has been to increase this strain. This reduced strain in the revenue budget as in the capital budget will, however, be more than offset by the carry forward of expenditure into the fourth year of the Plan, when, irrespective of considerations of what is practicable or equitable, it will be natural for the Central Government to make an attempt to overtake the arrears of spending. Refugee expenditure, for example, will hardly taper off.

The budgetary situation in India today is anomalous in more ways than one. For one thing, the states, which believe less ardently in planning than does the Central Government itself, are making attempts on a proportionately less enthusiastic scale to increase their resources for spending. The difficulties of federation and of politics are there. The Central Government on the other hand, having underwritten the Plan, is, in the position of having to push it forward, irrespective of what the states actually do, although, after so many budgets in which taxation has been levied, the Centre can now, in the year in which the Plan enters the critical phase, realise much more easily than can the Fund's mission, the difficulty of pushing the level of taxation upward. A radical review of the taxation structure, if it had taken place in time, might have been helpful. But at this stage, this is one of those might-have-beens which can offer little consolation either to the Finance Minister or the public on budget day.

In these circumstances, the crucial questions in the current year's budget, as in that of the coming year, are mainly three. They are: to what extent will deficit financing in the sense of borrowing which may have to be taken up initially by the Reserve Bank, be undertaken (in view of the current economic situation and the present level of holdings of rupee securities and investments of the Reserve Bank, the important question is not so much whether this process is possible, but how far it can proceed). When will the payment under partition settlements with Pakistan and Burma be undertaken or resumed? And how soon will the foreign loans, which are in prospect, like, for example, the loans which are being negotiated for the Industrial Finance Corporation, the Trombay Thermal plant, and the Koyna project, be negotiated and drawn upon?

It is hard to answer these questions; even the Bernstein mission, which attempted to answer the first question, has not been wholly successful. The position is, indeed, difficult. That it is not impossible must, perhaps, be put down to the fact that the accounts of the previous years can be expected, on the basis of experience, to build up the cash balance beyond the level of about Rs. 80 crores, which has been carried forward as the current year's opening balance in the Central budget. Any estimate in lieu of this figure, which is likely to be out of date, can only be tentative. But tentatively, a guess that the opening balance on the 1st April, 1953, was Rs. 115 to Rs. 120 crores or about Rs. 40 crores more would seem prima facie to be not unreasonable. If this guess turns out to be correct, and if the estimates of expenditure and of borrowing on floating debt account are further broadly in line, the Finance Minister may still be able to manage the situation in the coming financial year, in spite of this being a critical year for the Plan. To one change, however, he may have to reconcile himself. The minimum level for the closing balance which he has indicated, namely, Rs. 50 crores, cannot easily be sustained; but this would hardly matter.

From the market's point of view, as also from the point of view of the much-harassed middle class, the important question which has still to be answered is whether the Finance Minister will feel called upon, as in earlier years, to do something about this. An atmosphere in favour of a little further effort by way of taxation has now been created by the Bernstein report. sional opinion is against the possibility of a major In the context of the fact that the balance of profes- recession in the United States, a tax programme may also not be a very great hazard. The Indian Plan will at the same time be entering into its critical period, when an effort will naturally have to be made to ensure that the investment is not greatly in arrears. The possibility of some marginal adjustments upward in taxation cannot, therefore, altogether be dismissed. There are some alternatives, which a hard-pressed Finance Minister can still consider; postal rates, the individual income-tax rate or an increase in the surcharge, a surcharge on the estate duty, a reconsideration of the tea or tyre or vanaspati excise, and a liberalisation of a wide line of imports with increases in customs duty as in the last year's budget, are examples.

The times are certainly hard, in the sense that this generation seems sentenced to permanent hardships. There are two arguments, or rather three, however, to urge against any immediate further taxation. First, it will be equitable and necessary to await the report of the Taxation Enquiry Commission, now that taxation of those classes which are being taxed has proceeded so far. Secondly, the scope for foreign aid must be more fully explored, even within the existing limitations. Thirdly, the taxation, if any, must be equitably spread, and cannot all take place, year after year, in the Central budget. For these reasons, expediency and equity alike would dictate that it will be wise to attempt to do little, or nothing, rather than to do too much. There is no reason, unless the estimates disclose a prima facie impossible situation which cannot be dealt with otherwise, why status quo cannot be maintained, as a compromise between the needs of the situation on the one hand and considerations of equity on the other.

REVENUE BUDGET

	Budget 1953-54	Revised 1953-54	Nine months' actuals 1953-54	Budget estimate 1954-55
Customs	170.00	160.00	114.92	160.00
Central excise	94.00	98.00	68.14	100.00
Income-tax	104.70	110.00	94.20*	110.00
Other items	70.56	52.50	..	82.00
TOTAL	439.26	420.50	..	452.00
Expenditure debited to the revenue budget	438.81	445.00	..	440.00†
Surplus	+0.45	—24.50	..	+12.00

* Gross collections. † Includes rehabilitation expenditure.

THE FUND'S FINDING.

CONTRARY to the general impression, the report of the International Monetary Fund on the problems of Indian economic development has proved to be an extremely tame and unexciting document. Its practical value for purposes of guidance will, it is to be feared, prove to be little. This is because the limits which it has set for deficit finance are provisional and tentative, to be revised in the light of experience, so that the only practical targets which can be set up are two, namely,

(i) that the reduction in foreign reserves, which actually takes place from time to time, should be offset by equivalent borrowing in India from the Central Bank, against ad hoc securities of the Government of India, or against securities pledged by the scheduled banks, and

(ii) that over and above this, approximately Rs. 100 crores of deficits can be incurred in, say, a three-year period.

The qualifications subject to which this latter figure is to be regarded as valid are many and such as to destroy much of the value of the report itself. It is important, however, to assess these recommendations in correct perspective.

The first target, as will be seen, is more or less nominal. Ad hoc treasury bills were created and issued to the Reserve Bank of India, when terminal adjustments were made in connection with the sterling balances, enabling the acquisition by the Government of India of military stores and relieving it of pensionary liabilities in the United Kingdom. These adjustments led to a reduction in foreign exchange reserves, the effect of which was offset by the borrowing. In respect of the bulk of the three-hundred-crore deficit-financing, which the Fund's mission has now recommended over a three-year period, the proposal which is now made is thus far from being novel. The reduction in foreign exchange reserves, resulting from the use of the sterling balances, will lead, other things being equal, to a deflation. Deficit financing, in the sense of inflationary borrowing from the Central Bank, will, however, offset this deflation—so that in the net result, there are no price effects and the position remains stable.

The gist of the mission's recommendations thus turns out to be that about one hundred crores of genuine deficit-financing, which may have price effects, can be contemplated. But even this is subject to the qualification that it is really impossible to say, and that the Government of India can, therefore, proceed in this direction only by slow degrees.

The bias of the report is, on the whole, against genuine deficit-financing rather than in favour of it. Some of the considerations which are relevant in this context have, however, obviously been overlooked in this report. These must now be mentioned, so that the difficulties of the situation can be better appreciated.

First, there is one major difficulty which has become important since the report was first written. It is now proving to be difficult to run down the foreign balances. One of the main ideas in the present report is that if the sterling balances are spent, equivalent borrowing from the Central Bank can then take place, in order to offset the deflationary effects. But if foreign exchange cannot be spent, there does not then eventuate the chain of events which is contemplated in the report, namely, that money supply is first reduced, that inflationary borrowing by the Central Government then takes place, and that, with the proceeds of this inflationary borrowing, pre-emptive bids for resources are made by those to whom these proceeds accrue. In the conditions which actually prevail, genuine deficit-financing, which will have initial price effects to be offset later on by new production, will become much more important than it was in the scheme of the mission's report.

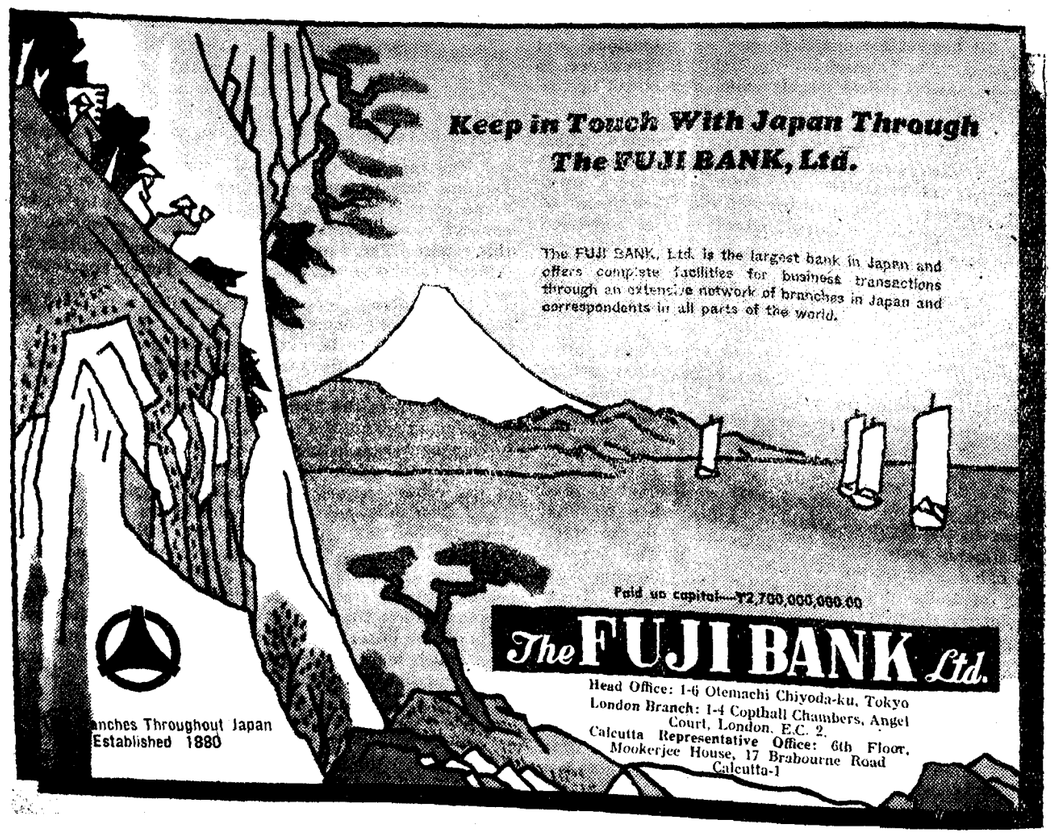
The mission has recognised the need for money supply keeping pace with the growth of the economy. What is apparently intended is that a little increase in money supply should first lubricate the economic

system, that development and new production should then take place, and that there should, thereafter, be a substantial adjustment in money supply, to suit the growth in the economic system which has taken place. This programme for development overlooks, however, the basic difficulties, which are mainly non-financial. To the extent that basic investment, such as the extension and improvement of the railway system, or expenditure on multi-purpose projects, has not taken place, but is necessary, and to the extent also that the problem is one of balanced development or of simultaneous advance on a number of fronts, the deficits will necessarily have to be heavy. Initial deficits of the order of, say, Rs. 100 crores in a three-year period, will hardly be adequate; at the same time, the question of adjusting the money supply to the actual growth of the economy which has taken place will be academic. The real problem of development is not so much to adjust money supply to this growth as to bring about this growth itself, incurring for this purpose deficits, to the extent to which they may be necessary.

The main trend of the recommendations in the mission's report regarding taxation is equally unhelpful at this stage. Here, the problem is hardly one of such simplicity as it has apparently appeared to be to the mission. Comparison of the ratio of taxation to the national income in various countries being admittedly invalid, it is just misleading to assume that the Indian tax system prima facie leaves much scope for an increase in the tax burdens. The mission seems to have overlooked some very relevant considerations in framing these recommendations. There is, first of all, the fact that even the existing taxation imposes very real hardship; the entire taxation system will have to be rearranged, and a growth in national income, forced, if necessary, by deficit-financed investment, will have to take place, before much more taxation can be levied. There are also the imponderable political factors, moreover; land taxes cannot be increased as easily as the mission apparently assumes they can be.

The limits of taxation will soon be reached in other cases. For example, the economic cost of an extension of social security (in the shape of industrial costs, or employees' contributions, which affect real incomes and may, therefore, destroy incentives) can hardly be overlooked. The impossibility or unwisdom of increasing railway freights or postal charges, when the absence of cheap and adequate transport is already proving to be a bottleneck which holds up economic development, or of increasing water rates, when what is important is not the revenue, but the rapidity with which irrigation can be extended, must also be taken into account in a country which has a development programme to implement.

The fact that the mission's report has not been able to arrive at any satisfactory principles, in the light of which the targets for deficit finance can be fixed on a more than provisional basis, is not after all surprising. It is, however, significant. There are really no principles, which can serve as a guide in this matter, except, perhaps, three very broad generalisations, and these are first that the investments which are financed by means of deficit must be productive and economical, second that the ratio of income to investment must be stepped up as much as possible, and third that foreign aid can be used, if available, to offset an inflation, if it develops. Subject to these observations, deficit-financing is a matter of necessity, depending on the level of expenditure, and, therefore, on that size of the plan which seems on wider grounds to be reasonable. Since it is a matter of necessity, and an expedient which is only to be residually relied upon, practical necessity, rather than 'a priori' principles, will, in the last resort, dictate how much deficit-financing and when this country will undertake for implementing its plan.



THE BUSINESS WORLD

DECISION ON CEMENT

Barring the Sone Valley Portland Cement Co., Ltd., every established cement company has agreed to the proposal for joint administration of the rehabilitation fund. The announcement last week of prices for all the units did not, therefore, come to the industry altogether as a surprise. There are, however, one or two matters arising out of the Government of India's Resolution on this subject, which seem to deserve some publicity. These relate to the rate of return on the gross block, the question of a uniform all-Inida selling price, and the period for which the prices are to be effective. The Government of India, it is to be noted, has differed from the Tariff Commission on all the three points.

The reduction of the gross block from the ten per cent proposed by the Tariff Commission to the eight per cent which is allowed in the Resolution is apparently to be explained by three reasons. First, the cement industry cannot be treated differently from the iron and steel industry. Secondly, the Government of India probably regards the level of dividends of the established companies as quite satisfactory. Thirdly, cement is an item which goes to inflate most costs of construction and the Government has a natural interest in keeping the cost low.

The validity of all these arguments is, however, limited. The iron and steel industry had itself protested against the return on gross block which was fixed, and in the light of the recommendation of even the I.M.F. report (as a recent example) that the return on investments should be satisfactory, the present decision cannot be defended. The matter, however, raises an issue of principle. What is the ceiling of the percentage return on the gross block which the Tariff Commission should regard as a maximum for purposes of guidance? Should this ceiling be eight rather than ten per cent? On any long-term view, there is no reason why the higher rather than the lower figure should not be adopted.

The question of fixing a uniform all-India selling price, which is the second point on which the Government of India has chosen to depart from the recommendations of the Tariff Commission, is presumed to involve administrative difficulties. Apparently, the intention is that the creation of a common marketing organisation within the industry itself, which will equalise costs for the consumer against the day, if that arrives, when cement prices are decontrolled, should not be prejudiced. This question, however, has been hanging fire for quite a long time now, and the divergence of interests between northern and southern producers is so great that there is no prospect, in the near future at any rate, of the common marketing organisation being brought into being. In these circumstances, the case for establishing an equalisation fund and a single price continues prima facie to be valid, and the administrative difficulties of operating the fund, if any, are bound to be negligible.

The period for which prices have been fixed has been left uncertain in the Government Resolution. The new prices came into effect from Monday and are to continue until further orders. This may well be a longish period, but the Tariff Commission recommended three years, and as the Government of India has changed the recommendation, the industry, and particularly the new units established in it which are now struggling to reduce their high costs, have no guarantee that the protection of a certain price will be available to them over a reasonably long period of time. The new decision on cement recognises the claim for special consideration of these new units which are situated at places which are far removed from the coal-bearing areas. The prices actually fixed are as follows:

(i) basic price of cement, applicable to the Sone Valley Portland Cement Co., Ltd., Rs. 67 per ton,

(ii) basic price plus rehabilitation charge, applicable to A.C.C., Rohtas, Kalyanpur Lime and Cement, Banjari and the two Dalmia companies, Rs. 71 per ton,

(iii) the Mysore Iron and Steel Works, Rs. 72 per ton,

(iv) the Digvijay Cement Co., Rs. 75-8 per ton,

(v) India Cements and Orissa Cements, Rs. 75 per ton,

(vi) Travancore Cements, Rs. 79 per ton.

In fixing these prices, the interests of the consumer have at the same time been taken into account. It would be a pity if the new cement prices, which are basically fair, were to turn out to be inadequate, because the Government of India has not accepted the recommendations of the Tariff Commission which has conducted a detailed investigation of the costs of production in the industry.

THE WORLD BANK MISSION

By

CROESUS

Considerable interest prevails here in the proposal of the World Bank-cum-American Investment Houses Mission—the members were in Bombay last week—for establishing an Industrial Development Bank for financing new industries in the private sector in India. Evidently, this has stemmed out of a correct appreciation of the difficulties of the private sector in this country, against which there have been complaints—without caring to inquire into the reasons—that it has not come forward with the quantum of investment expected of it under the Five-Year Plan. The appointment by the Reserve Bank of India of the Shroff Committee to explore means of finding more finance to industry through the agency of commercial banks—the Committee, I understand, has concluded its labours and finalised its report—also was a similar gesture. But it is obvious that more can be expected through the proposed U.S.-sponsored institution than the agency of commercial banks. At best, as a result of the findings of the Shroff Committee, commercial banks may be asked to relax the terms on which credits are being extended by these institutions, and conceivably to a greater extent than that to which they were tightened during the past two years or more under the advice of the Reserve Bank itself, as an anti-inflationary measure. Even this, it occurs to me, can be but a brief experimental measure in the context of large outlays —over Rs. 1,200 crores—under the Plan in the next two years and the consequent risk of inflation.

There were naturally apprehensions that the proposed Industrial Development Bank might conflict with the Industrial Development Corporation so sedulously sponsored by the Union Commerce and Industry Min-

ister, Mr. T. T. Krishnamachari. So soon after this indefatigable Minister had succeeded in converting those that opposed the idea of such a corporation—it is well known that there was opposition to the idea both in the Planning Commission and in the Cabinet itself, for understandable prestige reasons—one would have thought that he would be loath to allow the World Bank-U.S. Investment Houses team to steal the thunder. But, due perhaps to the tact of the Union Finance Minister and more than that—to give credit where it is due—to the burning desire of Mr. Krishnamachari himself to prevent a stalling of economic development in the country on any account, either because of the reluctance of private enterprise or because of the lack of adequate resources with the Government, it would seem that the latter (the Union Minister for Commerce and Industry) also favours the latest proposal. This means that the line is now clear for the proposal to go through.

At least after the publication of the report of the I.M.F. Mission to India last year headed by Mr. Bernstein, I suppose there will be very few (who are really intent on the country's economic development) that would still oppose foreign aid. Does it really matter whether the Industrial Finance Corporation takes a loan from the World Bank to accommodate more industries in this country, or the World Bank itself establishes an Industrial Development Bank in co-operation with leading investment houses in America, and perhaps in Britain also, if feasible, to do the same thing? With the severe limits to capital formation and savings in India as things stand, as outlined by the I.M.F. Mission, even Mr. Krishnamachari must now be feeling that he might not get all the finance needed for his Industrial Development Corporation through the agencies he had in view. Moreover, as far as one can make out from what has been reported in the daily Press so far, the establishment of an organisation like the one proposed by the World Bank-U.S. Investment Houses Mission amounts, in effect, only to giving a new name to a procedure that is even now in vogue, namely the use of the counterpart funds arising from the U.S. aid in one form or another. For, where is any difference whether this is directly handled through the T.C.A. or through a new organisation which also is to get its initial working capital out of the identical source, except, of course, that the separate organisation now proposed is more ambitious and may be expected to relieve our anxiety about foreign aid at least to industrial undertakings in the private sector?

After reading the Randall Report in conjuction with the U.S. President's Budget Speech and the Report of the Council of Economic Advisers to Mr. Eisenhower, it should be clear to one that, under the Republican regime, there is bound to be a larger degree of shift in the emphasis on private enterprise and private investment both in America and outside. In America, one may also expect the gradual elimination of Government activity in the private sphere. Outside, according to the remedies suggested by the Randall Commission to overcome the world's dollar shortage, it is sought to ease the conditions on which stand-by credit can be made available from existing institutions—meaning undoubtedly the World Bank, the I.M.F. and the Export-Import Bank, among others—and to encourage American private investment abroad by means of such action as the U.S. can possibly take. If one bears in mind one important consideration, namely, that, whether it is an infant democracy such as India or it is an adult democracy that America is, an element of politics is bound to enter into, and influence, all vital decisions of this nature, one will not fail to appreciate the form of the proposal in question of the World Bank and U.S. Investment Corporations Mission to India. It is perhaps a better solution to our external resources problem than any that has come our way, and the consensus of opinion in informed circles in Bombay, therefore, is that it should be readily accepted.

BACK TO STATE BUDGETS

By

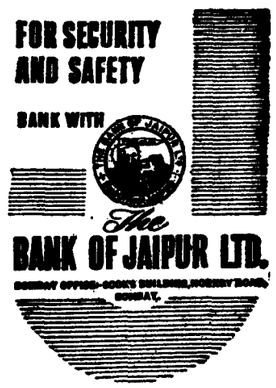
CROESUS

When, in the statements he made in India last year, Mr. Bernstein favoured deficit financing within limits, there were many who raised their brows. It would be interesting to know the reactions of these critics to the report to the Government of India made by Mr. Bernstein and his other colleagues of the International Monetary Fund. The report, as is only to be expected, elaborates Mr. Bernstein's views on the question. But, presently, it is not on that question that the public will concentrate.

Although the Ministry of Finance has made it clear, in a foreword to the report, that "while the views expressed in the report are entirely those of the Mission and the Government of India are not committed to them", it has also added that the Government "will take them into consideration in the framing of their future policies, within the framework of the social and economic objectives set forth in the Five-Year Plan". While the Mission approves of deficit financing in the prevailing circumstances and under certain given conditions, it emphasises the point that, in the long run, the resources for development must come from taxes or savings out of the current income of the people, or they must come from resources provided from abroad. It has accordingly dismissed the argument that recourse to foreign resources thus would increase India's public debt, especially to other countries, and create problems of servicing the debt as lacking in substance, and has favoured foreign aid to accelerate the tempo of economic development to the requisite extent. At the same time, referring to mobilisation of internal resources, the report speaks of stepping up small savings and re-examining of taxes on corporate profits to facilitate internal financing, by business, of capital outlays for replacement and expansion. These measures are already being taken and may perhaps be intensified further in the light of the Mission's report. But all these are taken for granted and will not have much effect. The business community accordingly feels all the more reassured now that the forthcoming budget will not have any additions to direct taxation. It is, however, concerned about the State budgets.

Now, both the Centre and the Planning Commission can feel flattered that their proposals regarding raising tax resources in the States have found favour even with the I.M.F. experts and they may, therefore, press the State Governments to increase land revenue by means of temporary surcharges, if need be, until assessments are completed, to impose agricultural income-tax, where the levy is still not in force, and to collect betterment levies and irrigation and power charges. One cannot say, in the light of the public resistance to moves in these directions last year—and things have worsened for the agriculturists since—how far the State Governments will respond to the call. Similarly, while private enterprise may welcome the Mission's proposal that services offered by public enterprises should be at full cost (operating costs plus capital costs), inasmuch as this would provide the correct basis of comparison between private and public enterprises offering similar services such as, say, gas or power

supply, the actual consuming public will strongly resist any move in this direction. The rather embarrassing problem before the State Governments is whether to please the Union Government and the Planning Commission, which have ere now rightly complained that State Governments have not raised all the resources required of them under the Plan, or to appease their subjects. If economic considerations alone should prevail, the States have no choice but to do what the Planning Commission and the Centre have been urging, but political considerations enter into the picture and, in the final analysis, it is undoubtedly these that will determine the action of all Governments, let alone our State Governments. To the extent that this is so, the hands of the State Governments are really tied. In the result, one fears these Governments may choose the line of least resistance and impose fresh and further burdens on a section of the population that is already labouring under a heavy load in all conscience. Spokesmen of most State Governments, it must be remembered, are not handicapped by any such assurances as those of the Union Finance Minister not to alter the tax structure pending the report of the Taxation Inquiry Committee. So it is the State budgets that need watching now rather than the Central budget.



THE EASTERN ECONOMIST

(Subscription Rates)

	Payable in advance India	Foreign
	Rs.	Rs.
Annual	50	66
Half-yearly	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9|- per year.

Foreign air rates on application. Offices in New York, London, and Tokyo.

Manager,
THE EASTERN ECONOMIST LTD.,
52, Queensway,
NEW DELHI.

THE
HIND
BANK
LTD.
9, ROYAL EXCHANGE PLACE, CALCUTTA.

FOR COMPLETE BANKING SERVICE

SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 22,00,000

Connections in all principal centres of the world

Chairman Mr. K. P. GOENKA — General Manager Mr. S. D. PARDIWALLA.

at children's parties



make it
MORTON's
SWEETS OF DISTINCTION
Ask for cream toffee and fresh fruit centred Sweets.
C.&E. Morton (India) Ltd.

HUKUMCHAND JUTE MILLS, LIMITED.

(ESTD. 1919)

HAZINAGAR, NAIHATI (E. RY.), WEST BENGAL

★

Manufacturers of

HIGH CLASS HESSIAN, SACKING,

CANVAS, TENTS, TWINE, WEBBING,

WOOLLEN BLANKETS, ETC., ETC.

★

Managing Agents :

RAMDUTT RAMKISSENDASS

Head Office:

9, Brabourne Road,

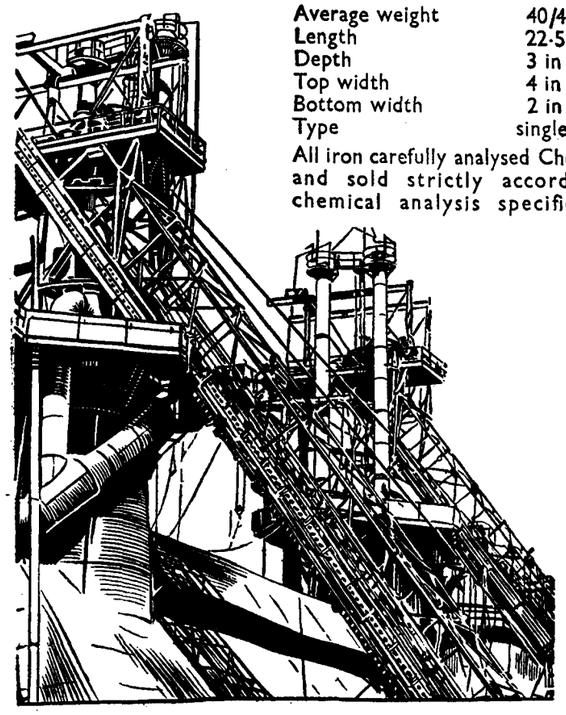
CALCUTTA-1

Telephones : BANK 3195 (3 Lines)

Telegrams : 'JUTIFICIO' Cal.

"BURN"

MACHINE CAST PIG IRON



Physical measurements:

Average weight	40/45 lbs.
Length	22·5 in
Depth	3 in
Top width	4 in
Bottom width	2 in
Type	single notch

All iron carefully analysed Chemically and sold strictly according to chemical analysis specifications

THE INDIAN IRON & ISCO STEEL COMPANY LTD.

THE INDIAN IRON & STEEL CO., LTD.

Managing Agents

MARTIN BURN LTD.

12, Mission Row, Calcutta-1

Branches

RANPUR
Martin Burn Limited
Westcott Building
The Mall

NEW DELHI
Martin Burn Limited
Bombay Life Building
Connaught Circus

BOMBAY
Martin Burn Limited
Esplanade House
Waudby Road

11X-38A

BUSINESS NOTES

A SHORT-TERM PROGRAMME FOR ROADS

It is now obvious that planning for road development has not been conceived in the long-range perspective, but on the other hand it has proceeded on an ad hoc basis. Neither in respect of renovation and improvement, new construction, road transport services, motor vehicles taxation, administration of the Motor Vehicles Act, nor communications in the countryside has a clear and positive policy been accepted and announced. Only some of these aspects of road policy are being tackled and tackled piecemeal. Three years of the First Five-Year Plan have already run out. It is certainly a matter for some satisfaction to know that this problem is now being given the attention it has always deserved.

In this situation, the best thing to attempt would be to concentrate energy and resources on the execution of a short-term programme for the remaining two years of the Plan. Mr. R. K. Batra's presidential address at the eighteenth session of the Indian Roads Congress on February 5 last has the virtue of emphasizing concrete proposals for action in the immediate context. Finance is now certainly not the bottleneck because, in addition to the allocation of Rs. 118 crores made in the Plan and the appropriation of Rs. 25 crores during the five-year period from the Central Road Fund, an amount of Rs. 10 crores has been allotted for roads in the supplementary schemes to fight unemployment. A clear factual statement should be demanded from the State Governments (who have failed to supply it as disclosed by the progress reports on the Plan) about the various aspects of their road programmes—mileage awaiting improvement, mileage to be taken up for new construction under different classes of roads—state highways, district and local roads and village roads, and bridges to be repaired or newly constructed. Final commitments on these projects should be made. The Plan envisaged improvement or construction of 24,000 miles of arterial roads comprising national highways, state highways and minor roads, exclusive of 20,000 miles of village roads under the community projects and national extension services. One hundred bridges find priority in the Plan. Mr. Batra has done the right thing in drawing attention to the fact that priority for restoration of missing links in important roads and for several bridges at vital points of communications has not lost its urgency. His speech explains at some length the lines on which this first job of missing road links, bridges, a large number of culverts and new roads to link the countryside with the major roads and urban markets ought to be planned. The state of maintenance is another very weak spot and the magnitude of arrears can be gathered from an informed estimate which places the annual loss to motor transport on account of bad roads at about Rs. 38 crores. Maintenance and repairs are no less an important problem.

These are short-term concrete proposals from the chairman of the organisation of the country's road engineers and they demand earnest consideration from the new agency of the transport adviser and the study group set up recently by the Planning Commission.

IMPORT OF U.S. COTTON

The Government of India's announcement of last week declaring free imports of U.S. cotton of staple 1-1/16" or more has been received as a welcome decision. The condition imposed on the import of this cotton is that it must be strictly on mill account. Two points, it appears from the trend of reaction, need explanation before clearer indications can be obtained of the readiness of the trade to import. The clarification sought relates, first, to the currency in which payment is to be made—whether it is to be made in rupees, which, according to earlier reports, were acceptable in payment for U.S. cotton. It is also not clear whether any ceiling is intended on the total quantity to be imported under this decision.

Already, it is estimated that 80,000 bales of U.S. cotton from the 1951-52 crop still remain to be imported and the original validation of licences for the total quantity of this crop, which were limited up to June 1952, have been extended since then, taking the current extension to June 30, 1954. At present, evidence of enthusiasm to take advantage of the latest permission to import American cotton of 1-1/16" staple or longer is lacking and estimates are that the quantity to be imported will be in the neighbourhood of 200,000 bales on a reasonable reckoning. U.S. cotton of 1-1/16" staple is not directly competitive with Indian cotton of similar length so that it is unlikely to affect the consumption of Indian raw cotton. However, in relation to Egyptian and East African cotton of identical staple the U.S. cotton is about Rs. 100 cheaper, but this competitive advantage is offset by the major consideration of quality. In view of the superior quality of Egyptian and East African cotton of 1-1/16" staple, among others, it pays to import it for manufacture of fine varieties of cloth. Prices of these two are hardening at present, but the point has not yet been reached at which the balance of benefit will lie in purchasing U.S. cotton.

TEXTILE MACHINERY MANUFACTURE IN CHINA

In a short span of three years mainland China achieved a commendable degree of success in laying the foundations of a sound and developing textile machinery manufacturing industry. China's textile industry is now at least six decades old, but every single component of the different types of textile machinery required was imported before 1950. However, side by side with a scheduled programme of increasing allocation of funds for the rehabilitation of the textile units and establishment of new ones, the Communist Government made provision for the expansion of a new capital goods industry for the production of textile machinery. The strides made in this new venture are surprising. In its three-year life this nascent industry manufactured 600,000 spindles and 18,500 automatic looms which went to satisfy the requirements of several old mills and nine newly set up units. The next line of production which is to be taken in hand immediately is manufacture of complete sets of spinning frames. Further development of the industry is to proceed in the direction of other machinery required by cotton textile plants as well as machinery for dyeing and printing, and for woollen and silk mills. This is no wishful thinking and definite provision with production targets has been made for it in the current five-year plan. On the score of quality, if the certificate of accomplishment obtained at the various exhibitions in the Soviet Union is to be regarded as not free from bias, the testimony of appreciation won at the Leipzig fair needs to be accepted at face value.

Six newly set up plants have gone into production for varying periods in the last three years and they have been located in Tientsin, Tsingtao, Chengchow and Shanghai. Their manufacturing programmes and methods are planned on a basis of co-ordination in order to ensure that different parts of machinery manufactured separately in these units fit in with the final complete machinery. This implies a high degree of standardisation and precision. A new plant, bigger than any among the earlier six, was set up last year in Shansi Province. It has doubled the installed capacity of the industry. Its special function will be manufacture of complete sets of spinning frames. Five of these seven plants are State-owned and two are owned jointly by the State and private investors.

The lesson of this achievement must not be lost on this country and particularly on the Government. The degree of success attained in a short period in China is almost wholly due to the determination of the Government to build up this industry which is indispensable for a major textile manufacturing country. In India, while private initiative and venture are struggling to hold their own against the fierce competition of long established overseas manufacturers, the Government is unable to make up its mind firmly to abandon the attitude of vacillation and extend vigorous support to this key industry.

AUTOMOBILE LEAF SPRINGS

The automobile leaf spring industry in this country can establish itself on a developing basis only if it first pays attention to occupy the position of a regular supplier of leaf springs for use as original equipment to the manufacturers and assemblers. Its market for replacements is secondary in the order of priority. The claim of this industry for protection, which has been taken up for investigation by the Tariff Commission, marks the second stage into the inquiry of automobile protection. The industry comprises essentially three organized manufacturers—Metropolitan Springs Ltd., Bombay, Premier Automobiles Ltd., Bombay and Canara Workshops Ltd., Mangalore. In addition, Simpson and Co., Ltd., Madras, has obtained the licence to set up the manufacture of automobile springs with a production capacity of 45,000 springs or 562.5 tons. The total capacity of the three units in actual production is 142,000 leaf springs or about 1,775 tons on a single shift basis, but actual production in 1952, according to the manufacturers, was 52,000 springs or 660.9 tons. Estimates of the demand for these springs vary. However, the estimate of one producer to the effect that 60,000 springs are required for original equipment and 127,000 springs for replacements (which is the lowest among the estimates submitted to the Commission) seems to find acquiescence from manufacturers of automobiles. Total demand may go as high as 290,000 springs in 1956. At present one manufacturer uses indigenous spring steel and the preference of the other two for the imported variety is explained by the fact that the indigenous material lacks production according to correct specifications, but they have expressed their willingness to switch over to domestic supply if this defect is removed. It is apparent that the question of laying down standards for ensuring quality will have to be taken up without delay, since the fact of some consumer resistance is obvious. In view of the basic necessity of developing these industries as ancillary to automobile manufacture, initial barriers of this nature will need to be overcome by sustained effort.

The anomaly of lower import duties on components and parts, which has been consciously introduced in the belief that lower prices will stimulate higher consumption of automobiles, will require reconsideration as a matter of policy in this enquiry. Imports of leaf springs have been restricted for the current half year, but the industry's more basic demand relates to the quantum of duty. It has claimed an increase in the standard rate from 50 per cent ad valorem to 66-2/3 per cent and from 47 per cent to 60 per cent in the preferential rates. Rebate of import duty on raw materials, freight concessions and similar subsidiary claims rank among the demands of the producers.

NITROGENOUS FERTILIZERS FROM THE UNITED STATES

The supplementary technical aid agreement in respect of fertilizers signed between the Governments of the United States and India on February 6 last is interesting in some ways. It does not amount to a mere addition to the stock of chemical fertilizers domestically produced here. Two new varieties of fertilizers are to be supplied to this country by the United States Government under this agreement. They are: 5,000 long tons of urea, fertilizer grade, prilled or shotted, not less than 44 per cent nitrogen, and an equal quantity of ammonium sulphate-nitrate, crystalline, containing not less than 26 per cent nitrogen, of which 6.5 per cent to be in nitrate form and 19.5 per cent to be in ammoniacal form.

These nitrogenous fertilizers are new to Indian soil. This quantity of 10,000 long tons of the two stipulated types is to be brought to this country mainly for the purpose of testing and demonstration. The demonstration programmes will be confined primarily to the community projects, national extension blocks and training centres for village-level workers. But experiments of cultivation with these two fertilizers are also to be extended to other suitable areas. How far they will be popular will depend on the efficiency of the demonstration programmes and propaganda enough to carry conviction with farmers. But there seems no reason why the Indian farmer, who is shrewd to judge his own interest, should not take kindly to these new fertilizers, which have proved their utility in the United States. Not all the quantity of 10,000 long tons is to be distributed free in demonstration experiments. The sale-proceeds of part of the quantity are to be applied to the purchase of indigenously manufactured fertilizers—ammonium sulphate, superphosphate and mixed fertilizers—which, in turn, are to be distributed for demonstration free of cost to cultivators. The cost of imported fertilizers and their distribution, estimated to be $1.15 million (about Rs. 54.8 lakhs) is to be borne by the United States Government. The sale-proceeds of the quantity left over after stocks are earmarked for demonstration are expected to be enough to purchase 8,000 tons of indigenous fertilizers for popularisation. If the idea of nitrogenous fertilizers catches up, these two new varieties, which are cheaper than the fertilizers now produced in this country, will also be manufactured here.

I.C.C.C. MEETS

The meeting of the Indian Central Cotton Committee convened at Bombay last week has come to decisions on certain points which imply a policy of further bold programme of raw cotton expansion. The easier international cotton supply situation need not cause any doubts about the advisability of such a policy, since Indian medium and short staple growths must continue to command the major demand of the textile mills in this country. It is against this background that the decision of the Committee on the production target is to be appreciated. Actual output of 36 lakh bales in the 1952-53 season, which is explained on the ground of weather conditions, is hardly a proper criterion to judge the output target for 1953-54. Seasonal conditions having registered a positive favourable trend, the target fixed at 42 lakh tons for 1953-54 seems feasible. This amounts to advancing the achievement of the Five-Year Plan target for 1955-56 by two years. The Committee's reasoning is that the probable trends in cloth consumption at home and exports emphasize the necessity of raising the target at the end of the Plan period by 3 lakh bales to 45 lakh bales. This upward revision does not conflict with the Committee's suggestion to speed up the production of long staple cotton 1⅛".

The levy of the sales tax on raw cotton in some States has again invited the attention of the Committee. The arguments for its withdrawal, if old, have lost none of their urgency. The imposition of this tax at the final stage on cloth and yarn impart to the levy on raw cotton the indisputable character of double taxation. Part of it must affect the grower. Research has received the continuous emphasis it deserves. Modernisation of the equipment at the Cotton Technological Laboratory at Matunga, Bombay, has been urged as research cannot be allowed to lag behind. Finance is the crux of this problem and a transitional arrange-

ment for sharing its burden has been recommended before the responsibility devolves entirely on the State Governments on whom it should rest. For the first ten years the Committee has declared its readiness to provide the whole expenditure on research, but in the next five years it is to be shared half and half by the Committee and the State Governments after which the Committee is to withdraw its financial support.

BURMA-JAPAN TRADE AGREEMENT

The particulars of the 4-year bilateral trade agreement between Burma and Japan signed on December 8 last show that Burma has struck a satisfactory deal ensuring a steady market for her staple export of rice in a recessionary phase, while Japan has secured an expanding and reliable outlet for her exports, whose position is made stronger by the introduction of standard tariffs following the abolition of preferential rates. The principal terms of the agreement may be set out in brief: In the calendar year 1954 Japan will import from Burma 300,000 long tons of rice and a minimum of 200,000 long tons with a ceiling of 300,000 long tons of rice in each of the remaining three years. The price for 1954 imports has been fixed at £50 per long ton f.o.b. Burmese port for the standard grade and during the rest of the period it will be negotiated every year at a level not exceeding the lowest price that Burma may offer to any other importing country. Japan's other exports will include, besides several edible agricultural products, teak, raw cotton, tung oil, hides and skins, rubber, tin ore, wolfram ore, lead ore, pig lead, and so forth. Japan's exports will be principally textiles, machinery, equipment for small-scale cottage industry, iron and steel products, chemicals and a host of manufactures.

Trade between the two countries is to governed by concessions negotiated under G.A.T.T. Japan has undertaken to extend technical assistance to Burma in spheres which are to be decided periodically. Japan's vital need for food imports and the equally vital need of a search for neighbouring sources to obtain them have been apparent in the last few years. In this search Burma has proved to be an acceptable source. In the first eight months of 1953 Japan's imports from Burma stood at £16.5 million as against exports of the value of £8.9 million. The deficit of £7.6 million was largely accounted for by Japan's off-take of rice placed at 160,000 long tons. Official estimate places Japan's imports in 1954 at £17 million out of which £15 million will be absorbed by rice shipments. The agreement guarantees Japanese rice imports in the last three years below the level of the eight-month period of 1953, but sufficiently high to offset a serious reversal of the present balance of trade. Japan's exports in 1954 are put at £15 million at which level they can be expected to be stabilised, or perhaps even at a higher level. India will watch with interest the impact of Japanese textiles and certain engineering goods on her export trade with Burma.

EXEMPTION FOR NON-URBAN BANKING?

While the protracted proceedings in appeal from the Shastry Award, which were taken up for the main hearing and arguments in September last, have almost come to a close and the banking world has to wait for the verdict of the Special Bench of the Labour Appellate Tribunal, the Union Government has intervened to safeguard the interest of bank branches in rural and semi-urban areas. Its application in this behalf was admitted by the Special Bench last week and is to come up for preliminary hearing soon. The decision of the Appellate Tribunal will be delayed by these fresh proceedings, but delay in this matter need not be grudged in view of the importance of relief sought in the application. The relief sought requires that existing branches of banks in rural areas and semi-urban areas, with a population of 30,000 or less, should be exempted from the application of the final award for a period of two years and similar exemption should be extended for a period of four years to new branches which will be opened in such areas hereafter. The pros and cons of this application for relief are a matter pending consideration before the Labour Appellate Tribunal and need not be discussed at this stage. But in presenting the application on behalf of the Union Government, Mr. Jamshedji Kanga made a fervent plea that full weight should be given to the recommendations of the Rural Banking Enquiry Committee in respect of increasing banking facilities in the rural areas. The plea clearly is for a due regard to the cost structure of bank branches and offices in these areas in the initial period.

U.K.-RUSSIAN TRADE PROSPECT

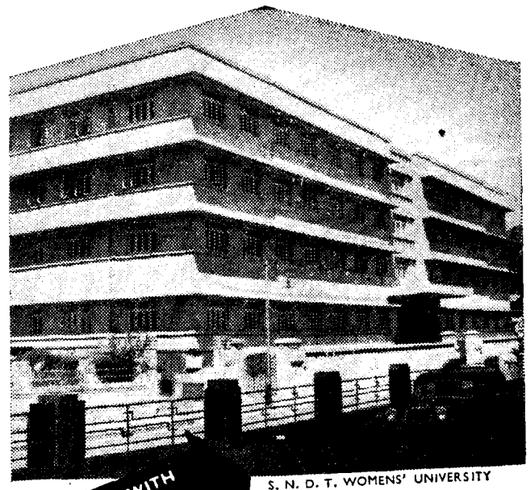
The news that Russia was prepared to place orders in Britain to an estimated value of about £400,000,000 within the next three years has been welcomed by the British Board of Trade, though official confirmation of the offer is still awaited. An official spokesman said recently that Her Majesty's Government's policy was to encourage trade in non-strategic goods with Russia. The Board of Trade would welcome any orders that were brought back by the business team now there. The Soviet Minister of External Trade, Mr. I. Kabanov, is said to have told the 40 British business men visiting Moscow unofficially that Russia was ready for a considerable increase in the volume of trade.

Orders for tankers, cargo ships, electrical equipment, textile machinery, consumer goods, and complete power stations were among those the Russian Government was prepared to place. Mr. Kabanov said that between 1955 and 1957 the contemplated orders would include 1,500 million roubles for ships, 600,000,000 roubles for power equipment, 400,000,000 roubles for forging and pressing equipment and machine tools, 375,000,000 roubles for textile and wool industry machinery, 125,000,000 roubles for miscellaneous equipment, and about 1,500 million roubles for raw materials, food, and industrial consumer goods. Mr. Kabanov told the British business men that Russia also wanted to increase sales of her goods to Britain. Trade turnover between the two countries would have to be increased to 3,000 million roubles (£270,000,000) a year if sales of Russian goods to the United Kingdom between 1955 and 1957 corresponded to her imports from Britain. Mr. J. B. Scott, head of the British delegation, said a great many items on the list could be supplied under existing regulations, and some others were in categories where relaxations could be expected.

NOTICE

Subscribers are requested to mention their Subscription Number (printed on the wrapper) while addressing the office regarding renewal of subscription, change of address or any complaint for prompt attention.

The Manager,
The Eastern Economist,
52, Queensway,
NEW DELHI.



WIRED WITH PARAMITE INDIA'S FINEST CABLE

S. N. D. T. WOMENS' UNIVERSITY BOMBAY

THE NATURAL CHOICE OF THE DISCERNING ARCHITECT AND ELECTRICAL CONTRACTOR

ARCHITECTS. SYKES, PATKER & DIVECHA BOMBAY

ELECTRICAL CONTRACTOR: DAMANIA ELECTRICAL & ENGINEERING WORKS, BOMBAY

PARAMITE CABLES

THE INDIAN CABLE CO. LTD.
9, HARE STREET, CALCUTTA.
WORKS: TATANAGAR

AGENTS: GILLANDERS ARBUTHNOT & CO. LTD
BOMBAY • MADRAS • NEW DELHI

FDS 3P

IMPERIAL BANK OF INDIA

EXECUTOR AND TRUSTEE BUSINESS UNDERTAKEN

Copies of Conditions of Business obtainable at any office of the Bank

Local Head Office
CALCUTTA - BOMBAY - MADRAS
and Over 400 Branches and Sub-Offices throughout India, Pakistan, Burma and Ceylon.
London Office
25, Old Broad Street

NOW READY

THE MADRAS STOCK EXCHANGE OFFICIAL YEAR BOOK—1953

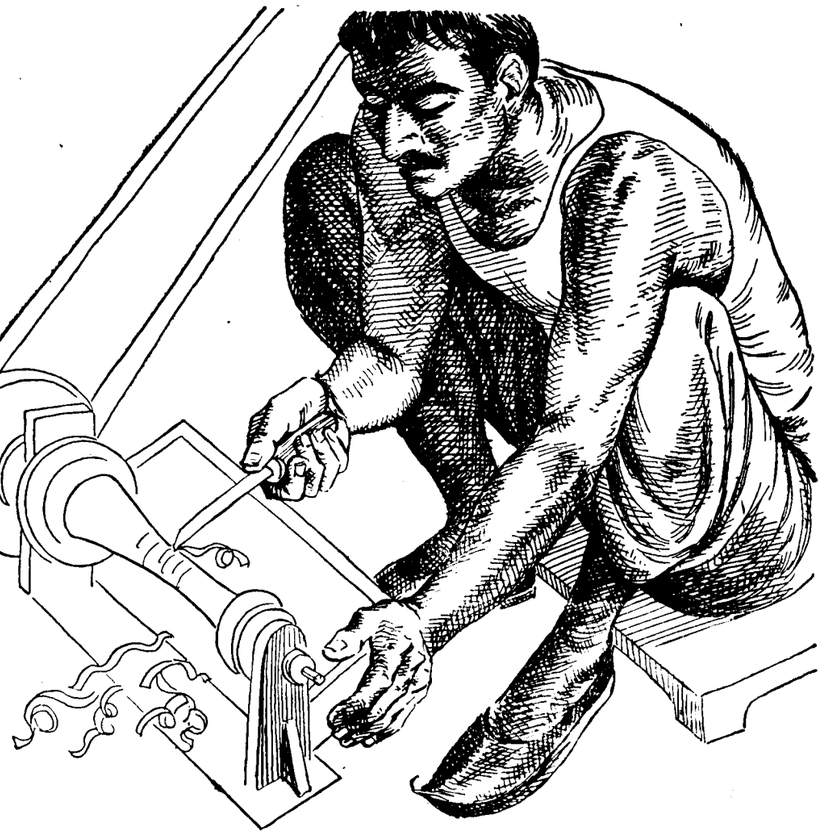
(Revised and Enlarged)

Containing

Particulars and Abridged Balance Sheets of 216 Companies Officially Listed and 45 Bombay and Calcutta Companies and incorporating figures received upto 25th November 1953.

THE MADRAS STOCK EXCHANGE ASSN., LTD.
322/3 Linghi Chetty St., MADRAS-1

548 Pages **PRICE Rs. 5**
(Postage Extra Re. 1/12.)



yes, it is my plan!

Lights will be switched on in a thousand villages. Handlooms, lathes will hum and spin. Every small community will become the hub of a growing village industry. There will be work for everyone. The Five Year Plan provides for Rs. 127 crores to be spent on developing and adding to our power resources. Multi-purpose hydro-electric schemes will supply cheap power to industry. Here is proof of a nation's determination to take its place amongst the leaders of the world.

Lakhs of tons of Steel will be used to implement the many diverse projects of the Plan. And so, in numerous significant ways Steel will provide the foundations for a richer, more rewarding future for our nation and our people.

THE TATA IRON AND STEEL COMPANY LIMITED

TN 3933

COMPANY AFFAIRS

THE BHOPAL SUGAR INDUSTRIES LTD.

The working results of the Bhopal Sugar Industries Ltd. (Managing Agents: A.H. Bhiwandiwalla and Co., Ltd.) for the year ended 30th September, 1953, are very discouraging. The factory had to remain idle throughout the season 1952-53, as no cane was available for crushing owing to acute drought in Bhopal in the preceding rainy season.

The profit and loss account shows a loss of Rs. 2,29,812 as against a profit of Rs. 4,23,869 in 1951-52. It may be stated here that this loss is in spite of the fact that a subsidy of Rs. 2,22,436 was received from the Government of India on old stock of sugar produced during the previous season.

The directors have recommended dividend on preference shares at 5 per cent per annum free of income-tax. The dividend for the ordinary shares has been scaled down from 10 per cent to 6¼ per cent tax-free. The total amount absorbed by the proposed dividends would be Rs. 1,71,875 and would be paid out of the dividend equalisation fund.

THE NIZAM SUGAR FACTORY LTD.

The audited accounts of the Nizam Sugar Factory Ltd., for the year ended 30th June, 1953, show an appreciable increase in net profit from Rs. 36,26,739 in 1951-52 to Rs. 48,33,545 during the year under report. Allocation to the depreciation fund has, therefore, been enhanced from Rs. 18,98,638 to Rs. 27,90,777. The directors have proposed ordinary dividend at an increased rate of 12 per cent as against 9 per cent in the previous year. Bonus on ordinary shares has also been increased from 3 per cent to 4 per cent per annum.

Another notable feature of the working of the factory is the phenomenal increase in sales from Rs. 243.19 lakhs to Rs. 446.69 lakhs. Stocks on hand stand reduced at Rs. 177.98 lakhs as compared with Rs. 220.06 lakhs in 1951-52.

THE INDIAN OVERSEAS BANK LTD.

The net profit of the Indian Overseas Bank Ltd., subject to audit, for the year ended 31st December, 1953, amounts to Rs. 15,14,793 after providing for contigencies and expenses, and after including the sum of Rs. 1,89,917 brought forward from the previous year's account. The directors have allocated Rs. 6,45,000 as provision for taxation, Rs. 3,50,000 to the reserve fund and Rs. 2,94,522 towards payment of the proposed dividend at the rate of 6 per cent (free of income-tax). The balance of Rs. 2,25,271 is recommended to be carried forward.

DEVKARAN NANJI BANKING CO., LTD.

The net profit of Devkaran Nanji Banking Co., Ltd., for the year ended 31st December, 1953, amounts, subject to audit, to Rs. 8,38,008 after including Rs. 1,47,808 brought forward from the last year's accounts. The directors have appropriated Rs. 1,50,000 to the reserve fund, Rs. 50,000 to the investment reserve fund and Rs. 82,646 to the depreciation fund and Rs. 2,00,000 to the taxation fund. The dividend has been proposed at 4 per cent tax-free as compared to 3½ per cent (free of income-tax) absorbing Rs. 2,00,000. The balance of Rs. 1,55,362 is recommended to be carried forward to the next year's account.

THE BANK OF MYSORE LTD.

The result of the bank's working for the year ended 31st December, 1953, is a surplus of Rs. 17,90,687 which advances to Rs. 18,76,994 after adding the balance of Rs. 86,306 brought forward from 31st December, 1952. An interim dividend paid at the rate of 12 per cent per annum and a bonus at the rate of 4 per cent per annum free of income-tax for the half-year ended 30th June, 1953, absorbed Rs. 4,00,000. Rs. 3,50,000 were transferred by the directors to the "Reserve for Income-tax and Super-tax", and they propose to provide a further sum of Rs. 2,50,000 for the same. The directors have recommended a final dividend at the rate of 12 per cent per annum and a bonus of 4 per cent per annum for the year ended 31st December, 1953, free of income-tax, absorbing Rs. 4,00,000. Bonus to staff for three months' salary will take up another Rs. 2,50,000. The balance of Rs. 2,26,994 is proposed to be carried forward.

BHARAT COLLIERIES LTD.

The directors' report of the Bharat Collieries Ltd. (Managing Agents: Messrs Sahu Jain Ltd.) for the year ended 30th June, 1953, discloses improvement both in sales and net profit. Sales have increased from Rs. 106.05 lakhs for the year 1951-52 to Rs. 122.23 lakhs for the year under review. Net profit, after providing for taxation; depreciation etc; at Rs. 8.29 lakhs compares favourably with a net profit of Rs. 8.01 lakhs in the preceding year. The directors have recommended an ordinary dividend of As. 10 per share, the same as last year, absorbing Rs. 2.50 lakhs.

The Company have commenced deep sinking of a pair of pits at Chapui Khas colliery to win coal from the lower seams. "The prospects of the Company state the directors, "continue to be favourable".

LLOYDS BANK

LIMITED

Subscribed Capital
£ 73,302,076.

Paid-up Capital
£ 15,810,252.

Reserve Fund
£ 16,500,000.

Let LLOYDS BANK look after *your* interests

Lloyds Bank Limited 1677 Incorporated in England

LB/O/54-1954

COMMODITY NEWS AND NOTES

T.I.S.C.O. STEEL OUTPUT

The total approximate production of saleable steel by the Tata Iron and Steel Co., Ltd., for January has disclosed a modest decline of 300 tons to 71,000 tons. The production compares favourably with 69,900 tons recorded in January, 1953. The January, 1954, figure comprises 21,000 tons semis and 50,400 tons finished steel against 18,300 tons semis and 53,400 tons finished steel in December 1953.

The output of pig-iron and steel ingots during the last month has amounted to 102,800 tons and 99,800 tons, respectively. This compares with 101,400 tons of pig-iron and 95,100 tons of steel ingots produced in December, 1953, the respective figures for January, 1953, being 102,400 tons and 95,500 tons.

COTTON CONSUMPTION UP

The Indian textile industry is likely to create a new consumption record by using about 20 lakh bales of domestic cotton for the first half of the year ending February, 1954. The monthly consumption average for the first quarter of this year works at about 3.2 lakh bales of Indian cotton and about 60,000 bales of foreign growths. The second quarter is expected to show a higher consumption of domestic growths.

The monthly average consumption figures for the year 1952-53 were 2.5 lakh bales and 29,000 bales respectively. The average in regard to Indian cotton went up to 3 lakh bales for 1952-53, but declined to 70,000 bales in the case of foreign growths. It is likely to change again this season in favour of Indian cotton.

The change in the consumption averages has been made possible on account of higher output of cotton in the country around 39 lakh bales this year against 27 lakhs in 1949-50. To maintain the output of cloth, the Government of India has, however, been obliged to liberalise the import policy. The temporary limit of 7 lakh bales of foreign cotton is considered insufficient by the trade which believes that at least 10 lakh bales of foreign cotton will have to be imported to maintain the present tempo of production and to stabilise the prices of indigenous cotton. Foreign cottons will be required for fine and superfine cloth, since a major portion of indigenous cotton is of lower staple length.

CZECHOSLOVAKIA INTERESTED IN INDIAN MICA

Representatives of the "Czechoslovak Ceramics", a State mica importing concern of Czechoslovakia, propose to come to India for large mica purchases and for inspection and payment on the spot in the wake of the Indo-Czech agreement.

Mica trade has been experiencing depression for the last several months due to low price policy followed by importer brokers of the U.K. and U.S.A. and partly due to the development of alternative centres of mica production in Brazil and elsewhere.

TOBACCO OUTPUT

Heavy accumulation of low quality tobacco with the growers and traders is likely to tell adversely on the production for the 1954-55 season. Recent reports indicate that many growers in the South are inclined to switch over from tobacco to groundnuts, turmeric and other cash crops.

Reports from Guntur—the chief tobacco growing centre in the country—indicate that there has been an unprecedented accumulation of Virginia tobacco there on account of a drastic fall in exports and domestic consumption during the past four months. Over 35 million pounds are lying unsold with the Guntur Marketing Committee and in spite of a fall in the price from six annas to two annas a pound, the stocks are increasing. The new marketing season starting from March is bound to add to the growers' difficulties.

The Andhra Government is trying its best to secure markets in China, Japan, U.S.S.R., Belgium and other European countries. Disposal of the low grade tobacco is, however, a difficult problem and the only effective way out is stated to be a drastic cut in the production next year. Since export prospects are now limited, the prosperity of the industry is directly linked to the indigenous demand.

WORLD COTTON OUTPUT UP

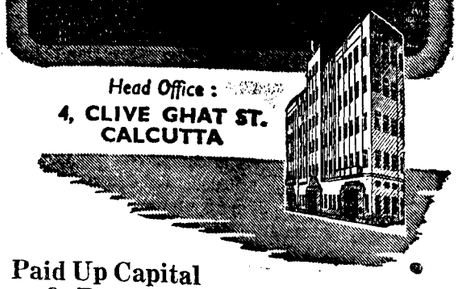
The United States Agricultural Department has estimated world cotton production in 1953-54 at 36,770,000 bales (of 500 pounds gross) compared with 35,730,000 bales in 1952-53. The 1953-54 output would be the second highest on record—exceeded only by the 1937-38 crop of 39 million bales. It would be about one million bales higher than that for each of the past two years.

PAKISTAN TO BUILD WHEAT STOCKS

The Pakistan Government will this year attempt to stockpile half a million tons of wheat to avoid repetition of last year's famine conditions. This decision was taken at a high-level food conference held at Karachi. Other major recommendations made at the conference were:

Removal of restrictions on the movement within the country of pulses and grams; encouraging cultivation of internationally popular varieties of rice; and expediting of construction of storage facilities for over 3 lakh tons of food grains.

United Bank of India Ltd.



Head Office :
4, CLIVE GHAT ST.
CALCUTTA

Paid Up Capital & Reserve Over Rs. 3,68,00,000/-
Working Funds Over Rs. 34,14,00,000/-

INVEST IN OUR 3 YEARS' CASH CERTIFICATES encashable at any time after 6 months. Yield Over 3% per annum on maturity.

Foreign Agencies
ENGLAND, U.S.A., AUSTRALIA, CANADA, FRANCE, BELGIUM, NORWAY, SWEDEN, SWITZERLAND, HOLLAND, ITALY, JAPAN AND GERMANY.

IOB

THE INDIAN OVERSEAS BANK LTD., MADRAS
Established 1937.

Subscribed Capital ... Rs. 50,00,000
Paid-up Capital ... ,, 48,98,425
Reserve Fund ... ,, 19,00,000.

Branches in India, Burma, Ceylon, Malaya and Thailand.

FOREIGN CORRESPONDENTS AT ALL IMPORTANT COMMERCIAL CENTRES

For those who trade abroad The Indian Overseas Bank provides an efficient service through its own branches and a world wide system of Agents and Correspondents.

★ SAFETY LOCKERS: For those people who prefer to keep their documents and valuables etc. under their own private control, SAFETY LOCKERS of various dimensions are available at our Calcutta Branch.

1082-4

COTTON YARNS
OF ALL DESCRIPTIONS
FOR HANDLOOM, POWERLOOM & HOSIERY FACTORIES

MADURA MILLS COMPANY, LIMITED
Phone: 250 (5 lines) MADURAI Grams: "HARVEY"

MILLS AT
MADURAI, TUTICORIN AND AMBASAMUDRAM

5,00,000 Spindles Counts up to 80s

SPECIALITIES
WARP YARNS, COMBED YARNS, HOSIERY YARNS,
SINGLE & FOLDED YARNS: CONE, CHEESE OR HANKS

Yarns for the Manufacture of
ROPES—HEALDS—CANVAS—TAPE
Sewing Thread Yarns & Multi-ply yarns
CORD YARNS FOR TYRE MANUFACTURE

Managers :
A. & F. HARVEY LIMITED
MADURAI
Phone: 420 (4 lines) S. I. Grams: "HARVEY"

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.9	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 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360.0*	369.5	619.8	397.4	90.6	100.4	86.8	94.0
June „ c ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	4.4
July „ c ..	406.4	460.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August „ c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September „ c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.2	101.3	87.1	91.6
October „ c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November „ c ..	378.0	441.4	355.5	365 6	715.2	390.6	90.2	101.4	87.2	96.0
December „ c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
Week Ending										
5-12-1953 ..	368.4	446.4*	356.5*	363.5	710.4	387.7	90.2	101.5	87.6	98.3
12-12-1953 ..	363.4	452.0	356.7	363.8	710.6	387.2	90.3	101.5	87.7	98.3
19-12-1953 ..	367.6	464.9*	355.7	363.5	712.4	390.2*	90.3	101.6	87.8	98·0
26-12-1953 ..	368.8	474.5	357.5	364.1	712.5	392.6	90.3	101.8	88.1	98.0
2-1-1954 ..	377.2	471.4	357.6	364.0	712.2	394.9	90.3	101.8	88 1	97.9
9-1-1954 ..	380.1	480.4	360.2*	363.4	709.9	397.4	90.3	101.8	87.8	97.4
16-1-1954 ..	383.5	483.2	361.4	364.6	706.6	399.5	90.3	101.6	87.6	97.3
23-1-1954 ..	386.3	484 3	362.9	364.2	711.4	400.7	..	..	..	..

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

WORKING CLASS COST OF LIVING
(August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 =100	Ahmedabad July 1927= 100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936= 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	104	—	106	—	—	—
1947	265	279	219	122	309	378	320	123	272	142	123	120
1948	288	303	243	132	330	471	372	146	309	168	136	134
1949	292	307	248	132	348	476	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	144
1953	..	353	275	140	..	453	..	..	..	..	..	..
1953 January	330	346	260	135	337	454	381	146	327	144	149	139
February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	348	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	—	162	147
November	—	361	280	144	339	453	385	—	353	—	165	—
December	—	359	268	140	—	438	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	6-2-1954			30-1-1954			23-1-1954			16-1-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	86- 4	84-14	85- 9	85- 6	84- 0	84-10	85-1	83-11	84-6	83- 2	82- 6	82-12
Silver (per100 fine tolas)	159-14	161-12	160-12	161- 8	159-10	160-15	161-0	157-9	159-0	155-12	154-10	155-10

RESERVE BANK OF INDIA
ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	*1,253,86*	42,49	907,47	949,96	75·43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August „	1,096,06	33,71	1,129,78	40,02	571,90	611,92	*54.18*	92,97	424,89	1,129,78
September „	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	*96,01*	423,16	1,116,34
October „	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November „	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December „	1,121,06	12,26	*1,133,35*	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
Week Ending										
4-12-1953	1,114,42	11,66	1,126,08	40,02	568,15	608,17	54.01	96,53	421,38	1,126,08
11-12-1953	1,123,20	12,41	1,135,61	40,02	578,15	618,17	54.43	96,06	421,38	1,135,61
18-12-1953	1,121,21	14,61	1,135,83	40,02	578,15	618,17	54.42	96,28	421,38	1,135,83
25-12-1953	1,125,52	10,37	*1,135,89*	40,02	578,15	618,17	54.42	96,34	421,38	1,135,89
1-1-1954	1,132,15	13,82	1,145,97	40,02	588,15	628,17	54.82	96,42	421,38	1,145,97
8-1-1954	1,154,76	9,65	1,164,40	40,02	608,15	648,17	55.67	94,85	421,38	1,164,40
15-1-1954	1,158,44	*15,48*	1,173,90	40,02	618,15	658,17	56.07	94,35	421,38	1,173,90
22-1-1954	1,164,84	19,40	1,174,24	40,02	618,15	658,17	56.05	94,69	421,38	1,174,24
29-1-1954	1,156,01	18,37	1,174,38	40,02	618,15	658,17	56.04	94,83	421,38	1,174,38

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	80
1947-48*	388,79	16,93	102,47	34,21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	485
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	414
	(14,33)	(3.04)								(1)				
1949-50*	141,19	23,12	87,00	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	52,29	280,82	18,14	318,97	17,31	3,04	207,70	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	52,69	61,93	259,02	23,69	292,71	28,03	6,64	*133,56*	2,85	19,03	69,77	12,83
Average of Fridays														
July 1953	104,61	28,70	45,30	60,66	237,26	20,03	287,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August „	*120,52*	22,73	45,90	59,83	248,98	*17,05*	276,02	33,98	5,80	128,46	1,30	11,51	88,94	6,13
September „	132,36	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,98	143,09	8	11,43	86,75	6,20
October „	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	86,29	6,55
November „	93 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	*141,08*	73	11,48	82,14	6,93
December „	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
Week Ending														
4-12-1953	90,43	22,24	60,79	58,09	231,55	19,11	260,65	11,81	5,36	144,85	1,38	10,93	79,13	7,19
11-12-1953	92,22	19,31	55,76	57,53	224,83	20,36	255,19	12,61	8,97	137,11	2,53	11,06	75,67	7,23
18-12-1953	106,11	18,97	48,69	57,19	230,95	20,84	261,79	14,82	9,65	141,21	1,49	12,61	74,75	7,25
25-12-1953	*110,24*	18,79	45,99	56,93	231,95	20,45	262,40	10,80	11,35	144,46	1,84	11,83	74,72	7,80
1-1-1954	113,43	19,48	46,70	58,35	237,97	21,79	269,76	14,07	15,28	139,32	1,15	16,05	76,25	7,66
8-1-1954	107,01	15,05	40,05	58,00	220,12	21,69	251,81	9,80	15,78	122,25	1,95	19,02	75,26	7,72
15-1-1954	98,19	21,47	42,53	57,88	220,07	22,47	252,55	15,68	19,60	114,19	1,26	20,11	73,94	7,77
22-1-1954	88,85	21,90	42,10	58,22	221,07	22,32	253,40	19,65	16,62	114,19	72	21,57	72,81	7,83
29-1-1954	101,60	23,29	38,50	59,02	222,41	22,10	254,52	18,64	15,19	116,17	..	23,93	72,47	8,11

Note: *Figures* in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

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	16,44	45.10	..
1949–50 ..	597,79	272,59	870,38	34,47	65,85	11.53	426,74	15,35	50.79	..
1950–51 ..	599,13	278,45	877,59	34,68	60,78	10.88	447,03	11,87	52.29	..
1951–52 ..	593,73	290,82	884,55	37,33	57,29	10.70	523,59	22,81	61.77	303,48§
1952–53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February „ ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March „ ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April „ ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May „ ..	557,98	290,00	847,97	33,45	48,76	9.69	502,53	49,46	65.10	295,03
June „ ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July „ ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August „ ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September „ ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October „ ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November „ ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December „ ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February „ ..	526,03	315 32	841,35	32,64	43,06	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	308,77
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
Week Ending										
5–6–1953 ..	529,54	323,53	853,07	31,78	40,29	8.45	470,36	58,75	62.02	300,23
12–6–1953 ..	521,94	324,15	846,09	32,54	39,83	8.55	469,93	59,79	62.61	312,40
19–6–1953 ..	526,91	324,56	851,47	33,93	39,57	8.63	462,88	58,38	61.22	312,44
26–6–1953 ..	530,26	327,56	857,82	34,63	40,09	8.71	453,23	56,59	59.43	314,63
3–7–1953 ..	531,35	327,62	858,97	33,56	40,11	8.58	452,30	55,97	59.17	313,41
10–7–1953 ..	529,02	328,34	857,36	32,72	39,73	8.45	446,78	53,43	58.34	312,81
17–7–1953 ..	535,68	328,52	864,20	31,39	39,80	8.24	442,59	52,05	57.24	313,70
24–7–1953 ..	535,82	328,31	864,14	30,92	50,53	9.43	438,77	51,22	56.70	315,61
31–7–1953 ..	530,25	328,27	858,52	30,69	44,78	8.79	438,02	51,48	57.02	316,41
7–8–1953 ..	529,97	327,59	857,56	29,44	47,05	8.92	436,59	51,76	56.95	319,05
14–8–1953 ..	522,66	330,10	852,76	29,86	41,12	8.32	431,15	49,53	56.37	323,07
21–8–1953 ..	528,18	328,52	856,70	31,22	44,10	8.79	428,51	48,28	55.65	323,56
28–8–1953 ..	528,21	331,36	859,57	31,73	45,93	9.03	426,53	46,81	55.07	326,88
4–9–1953 ..	528,59	330,56	859,15	31,93	49,11	9.43	428,02	45,87	55.16	327,96
11–9–1953 ..	526,79	330,34	857,13	30,54	48,01	9.16	423,30	44,43	54.51	329,15
18–9–1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42,45	54.45	333,16
25–9–1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2–10–1953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9–10–1953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16–10–1953 ..	520,35	332,92	853,27	30,06	50,34	9.42	420,89	38,62	53.85	336,15
23–10–1953 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30–10–1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6–11–1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13–11–1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20–11–1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27–11–1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4–12–1953 ..	530.91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11–12–1953 ..	528.29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18–12–1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25–12–1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1–1–1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8–1–1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15–1–1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22–1–1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16
29–1–1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72

* Undivided India

§Average of weeks from November 1951

SEA AND AIR-BORNE TRADE OF INDIA

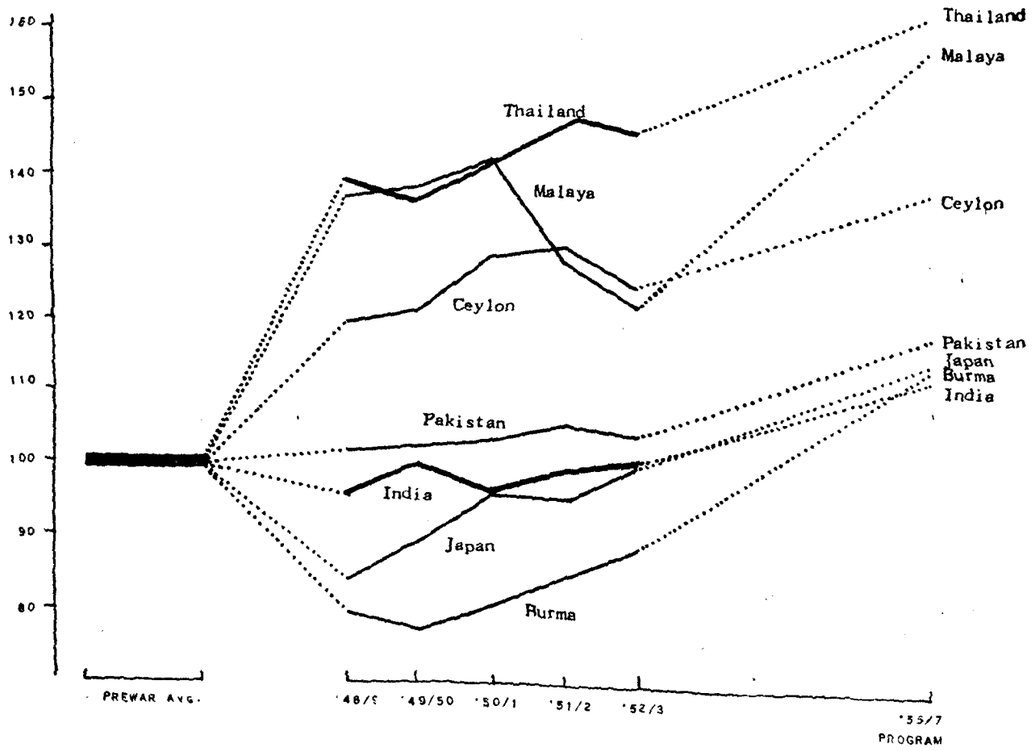
Composition of Trade (Rs. in thousands)

	IMPORTS				EXPORTS (including re-exports)			
	Month of September		6 months April–September		Month of September		6 months April–September	
	1952	1953	1952	1953	1952	1953	1952	1953
Food, Drink & Tobacco								
Fish (excluding canned fish)	1,05	44	11,02	8,38	25,82	42,93	168,63	1,99,35
Fruits and Vegetables ..	36,99	76,44	2,93,34	4,01,36	87,12	110,27	8,88,45	7,93,82
Grain, Pulse and flour* ..	12,82,13	3,00,61	1,19,06,83	57,01,70	—	61	—	1,17
Liquors	10,03	9,31	87,70	82,76	20	78	242	241
Provisions & Oilman's stores	99,45	86,32	3,95,75	4,23,77	10,25	15,25	75,80	69,09
Spices	31,18	58,60	1,94,24	2,86,03	1,51,93	1,11,68	9,88,97	6,80,47
Sugar	—	—	4	7	4,87	—	3,34,53	703
Tea	1,12	65	6,34	6,41	8,98,68	12,21,79	34,12,25	41,39,25
Other Food and Drink ..	6	14	2,87	29	5,97	5,57	1,24,05	33,77
Tobacco	91	464	1,04,33	32,80	1,21,24	1,26,46	8,27,87	7,81,13
TOTAL, CLASS I. ..	14,62,90	5,37,66	130,02,47	69,43,58	13,06,17	16,35,33	68,22,96	67,07,48
II. Raw Materials and Unmanufactured Articles								
Coal	2	—	15	—	68,98	38,84	470,39	253,71
Other non-metallic mining products, etc. ..	46,16	27,30	3,06,34	1,52,76	72,37	70,37	4,99,80	5,15,05
Fodder, Bran and Pollards ..	46	32	2,93	2,77	—	—	—	—
Gums, Resins and Lac ..	7,08	12,89	24,72	54,19	68,66	64,73	4,21,88	3,32,56
Hides and Skins, raw ..	1,75	2,03	5,61	14,50	35,59	40,07	2,73,02	2,99,46
Metallic ores and scrap iron	20	1,91	16,31	12,96	2,81,50	3,27,95	14,71,80	18,81,85
Oils of all kinds ..	4,62,14	6,52,89	38,89,35	47,31,12	1,26,11	40,53	14,78,14	4,50,16
Oil cakes of all kinds ..	—	—	—	—	2	12	50	149
Paper-making materials ..	6,19	17,92	45,65	66,36	324	312	18,31	16,88
Rubber, raw or crude ..	8,48	54	59,18	3,84	29	3	98	105
Seeds (including nuts for oils)	53,75	71,60	1,36,86	2,09,81	14,17	12,50	2,85,11	1,21,30
Tallow, Stearine and Wax ..	6,03	12,19	34,27	63,58	10	78	2,82	3,15
Cotton, raw and waste ..	6,39,38	4,79,31	52,49,24	33,13,63	3,11,47	93,95	17,29,12	9,18,62
Jute, raw ..	29	21	2,85	2,43	—	—	1	—
Silk, raw and waste ..	11,17	5,02	32,10	37,62	16	158	4,90	12,98
Wool, raw and cocoons ..	4,52	20,55	27,06	1,04,13	70,59	45,83	4,94,83	3,01,90
Other textile materials ..	16,95	55,38	78,93	1,51,77	190	8,73	90,81	47,54
Wood and Timber ..	21,72	14,34	1,32,80	79,83	3,62	6,78	54,03	44,17
Miscellaneous ..	7,03	50,34	1,09,36	2,85,32	43,18	56,49	2,84,07	3,26,18
TOTAL, CLASS II ..	12,93,31	14,02,74	101,53,72	92,86,62	11,01,94	8,12,39	74,80,52	55,28,04
III. Articles Wholly or Mainly Manufactured								
Apparel	3,35	2,73	19,13	16,67	21,68	26,26	166,09	1,59,89
Arms, Ammunition & Military Stores	8,01	14,64	2,05,86	99,01	29	—	2,08	4
Chemicals, Drugs and Medicines	208,81	2,11,14	14,59,49	11,90,37	24,71	28,99	1,71,01	2,06,61
Cutlery, Hardware etc. ..	91,65	1,16,06	7,65,88	7,28,34	20,16	31,96	1,37,41	1,39,31
Dyes and Colours ..	81,41	1,39,45	7,38,22	7,95,58	7,43	4,71	58,19	32,53
Electrical Goods and Apparatus	1,01,44	1,12,32	6,45,95	7,73,50	2,38	7,48	18,03	21,41
Furniture, Cabinetware, etc.	4,03	3,56	54,60	38,81	209	197	896	942
Glassware and Earthenware	17,06	12,67	98,16	76,93	162	145	14,26	1351
Hides and skins, tanned or dressed, and Leather ..	1,09	212	9,25	15,38	157,54	1,95,12	7,08,43	11,78,64
Machinery of all kinds ..	5,95,43	7,16,36	45,37,67	43,26,23	903	9,58	80,83	56,13
Metals—Iron & steel & Manufactures thereof ..	1,58,10	2,79,90	13,87,88	11,69,76	8,33	6,55	81,33	69,84
Metals, other than Iron and Steel and Manufactures thereof	1,48,06	1,04,47	9,99,04	7,60,00	10,00	14,25	85,83	1,10,84
Paper, Pasteboard and Stationery ..	94,37	1,38,39	5,89,55	6,27,26	1,32	10,52	36,30	40,80
Rubber manufactures ..	3,08	273	30,48	15,34	12,35	21,47	72,23	99,45
Vehicles (Excld. locomotives)	2,05,95	1,89,11	17,51,33	9,98,58	8,17	11,17	40,41	49,53
Cotton yarns & manufactures	28,86	19,32	2,48,69	1,39,28	7,23,51	5,59,77	40,57,33	33,29,50
Jute yarns and „ ..	1	—	98	12	10,60,13	12,37,81	78,40,79	55,85,56
Silk yarns and „ ..	84	30	5,12	10,64	1,97	2,52	9,58	14,98
Woollen yarns and „ ..	86,48	1,03,88	3,00,33	5,64,61	16,32	41,49	1,23,38	2,04,16
Other yarns & textile fabrics	94,68	1,00,68	4,60,88	7,34,31	23,46	35,92	1,32.90	1,89,95
Miscellaneous	65,06	79,05	5,67,31	5,13,45	1,14,85	1,40,77	7,29,97	7,72,48
TOTAL, CLASS III ..	19,97,77	23,48,89	148,75,83	135,94,17	22,27,34	23,89,75	145,75,31	122,84,57
IV. Living Animals ..	20	55	7,48	6,04	350	366	22,26	23,28
V. Postal Articles and baggage not specified	18,37	30,74	2,54,01	1,79,47	35,13	1469	1,87,19	1,08,65
GRAND TOTAL ..	47,72,56	43,20,58	382,93,50	300,09,88	46,74,08	48,55,82	290,88,25	247,12,02

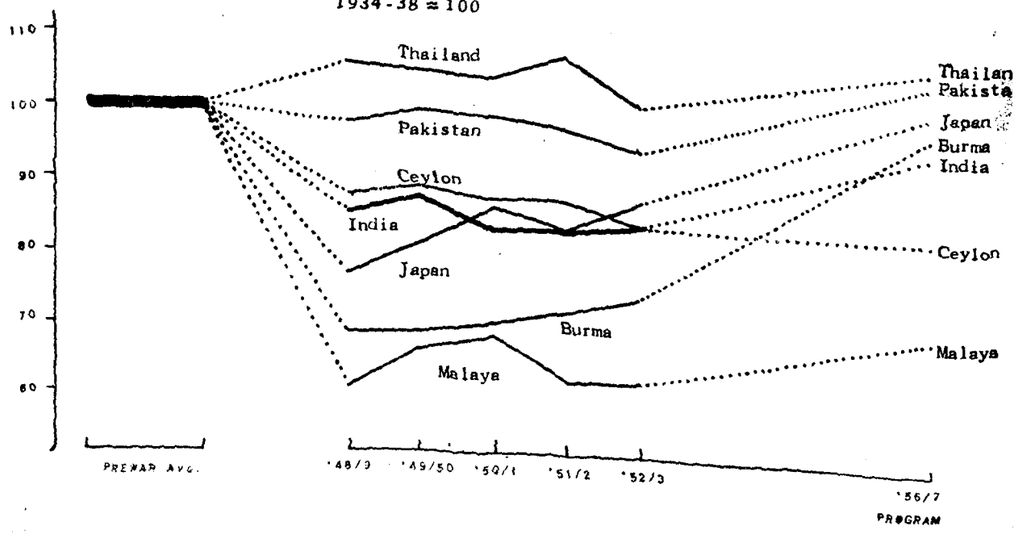
* Excludes the value of certain special imports of food grains and stores, full partiuclars of which are not yet available.

AGRICULTURAL PRODUCTION IN SELECTED COUNTRIES OF THE FAR EAST

A. TOTAL AGRICULTURAL PRODUCTION
1934-38 = 100



B. FOOD PRODUCTION PER HEAD
1934-38 = 100



Source: Agriculture in Asia and the Far East.

EXPORTS OF MACHINERY AND TRANSPORT EQUIPMENT FROM MAJOR SUPPLIERS TO ASIAN COUNTRIES (EXCLUDING CHINA AND HONG KONG)

Millions of dollars at constant prices, f.o.b.

	United Kingdom			United States			Western Germany			Japan		Total		
	1938	1950	1951	1938	1950	1951	1938 [a]	1950	1951	1950	1951	1938 [b]	1950	1951
Machinery and tools	81.5	149.8	149.6	26.5	72.4	84.3	24.0	16.3	32.3	11.36	15.20	132.0	249.9	281.4
of which :														
Agricultural	0.2	3.4	2.7	0.4	2.6	3.1	2.6	5.2	8.9	0.15	0.14	3.2	11.4	14.8
Mining, well and pumping	6.9	6.1	7.0	12.5	6.2	8.3	2.0	0.2	1.4	0.10	0.09	21.4	12.6	16.7
Constructional	4.2	6.2	7.7	3.7	11.1	17.2				0.03	0.16	7.9	17.3	25.1
Metal-working and machine tools	2.9	13.7	7.3	2.5	1.9	2.5	2.5	1.8	2.9	0.54	0.85	7.9	17.9	13.6
Textiles and sewing	27.7	36.2	30.5	2.4	2.6	4.5	4.2	1.7	3.9	8.96	11.67	34.3	49.5	50.6
Printing and bookbinding	1.3	3.8	2.9	1.1	2.1	2.1	2.1	1.0	1.6	0.30	0.48	4.5	7.2	7.1
Food preparation	1.5	2.0	1.4	..	..	..	2.4	0.3	0.7	..	..	3.9	2.3	2.1
Power generating	6.5	10.0	6.3	0.2	21.1	15.0	4.1	3.7	8.0	0.20	1.12	10.8	35.0	30.4
Machine accessories	2.7	3.7	5.6	..	..	..	—	—	—	1.08	0.66	2.7	4.8	6.3
Office machinery	0.6	0.8	0.9	2.7	4.3	6.7				—	0.03	7.4	7.5	12.5
Other machinery [c]	27.0	63.9	77.3	1.0	20.5	24.9	4.1	2.4	4.9	..	..	28.0	84.4	102.2
Electrical apparatus and appliances	39.3	79.2	89.0	11.8	24.8	35.5	10.7	2.9	5.4	2.23	2.55	61.8	109.1	132.4
of which :														
Telephone and telegraph equipment	2.3	5.0	4.6	..	..	..	..	..	..	—	0.02	2.3	5.0	4.6
Electrical installations and apparatus	0.6	1.7	2.1	..	..	..	..	..	..	1.73	0.73	0.6	3.4	2.8
Generators, motors and transformers	13.2	25.9	27.6	..	..	..	..	..	..	0.50	1.80	13.2	26.4	29.4
Other [c]	23.2	46.6	54.7	..	..	..	..	..	..	..	..	23.2	46.6	54.7
Transport equipment	45.8	170.5	210.5	44.2	49.9	89.9	8.9	3.2	14.1	13.16	19.13	98.9	236.8	333.6
of which :														
Railway locomotives and rolling-stock	10.1	22.0	16.7	1.5	0.7	2.1	1.3	0.9	5.5	2.28	0.75	12.9	25.9	25.1
Motor-cars	8.2	24.2	37.5	9.6	4.7	12.2	2.0	0.4	1.3	3.75	0.72	19.8	33.1	51.7
Commercial vehicles and parts	1.9	16.7	18.3	13.7	30.0	59.8	1.7	0.4	2.3	..	0.03	17.3	47.1	80.4
Motor-cycles	0.5	1.3	2.8	..	..	..				0.32	0.31	0.5	1.6	3.1
Bicycles	6.1	20.4	26.2	..	..	..	1.0	1.5	4.9	..	..	7.1	21.9	31.1
Tractors	0.2	4.8	7.5	1.8	9.2	13.8				..	0.01	2.0	14.0	21.3
Ships	3.3	6.9	4.2	..	..	..	2.9	—	0.1	1.13	5.24	6.2	8.0	9.5
Aircraft	..	..	..	17.6	5.3	2.0	..	..	..	5.68	4.10	17.6	11.0	6.1
Internal combustion engines	5.3	28.7	29.7	—	—	.	..	..	..		7.97	5.3	28.7	37.7
Other [c]	10.2	45.5	67.6	..	..	..	..	..	.	..	..	10.2	45.5	67.6
TOTAL capital goods listed	166.6	399.5	449.1	82.5	147.1	209.7	43.6	22.4	51.8	26.75	36.88	292.7	595.8	747.4

[a] 1938 the whole of Germany.
[b] Figures for 1938 do not include Japan.
[c] United Kingdom : Since for a large number of items only exports to the more important ECAFE countries are available, the figures given in this table for specified items tend to be too low, and correspondingly the figures for the items "other" are too high

EXPORTS FROM INDIVIDUAL EUROPEAN COUNTRIES, THE UNITED STATES AND JAPAN TO ASIAN COUNTRIES

Millions of dollars at constant 1950 prices, f.o.b.

Exporting country	TOTAL OF ASIAN COUNTRIES				CHINA AND HONG KONG [a]				OTHER ASIAN COUNTRIES			
	1928	1938	1950	1951	1928	1938	1950	1951	1928	1938	1950	1951
United Kingdom	1 075.8	510.7	756.1	863.6	163.3	59.9	87.9	91.6	912.5	450.8	668.2	772.0
France	149.9	91.0	203.2	280.4	28.6	14.7	10.9	15.7	121.3	76.3	192.3	264.7
Western Germany	266.5	199.1	78.6	147.9	72.8	64.0	24.4	27.2	193.7	135.1	54.2	120.7
Netherlands	223.2	168.0	124.1	144.9	6.1	4.2	9.0	12.7	217.1	165.8	115.1	132.2
Italy	83.0	40.4 [b]	79.4	93.3	12.5	7.5 [b]	7.8	15.4	70.5	32.9 [a]	71.6	77.9
Belgium-Luxembourg	86.6	68.5	64.6	89.5	20.5	21.2	18.1	23.0	66.1	47.3	46.5	66.5
Switzerland	62.4	47.2	45.2	82.1	16.6	14.5	17.8	25.3	45.8	32.7	27.4	56.8
Sweden	17.0	19.9	26.7	28.2	5.4	4.0	3.9	5.5	11.6	15.9	22.8	22.7
Norway	13.8	7.3	10.5	12.4	7.5	1.5	2.3	3.1	6.3	5.8	8.2	9.3
Denmark	4.0	8.4	10.8	16.5	0.8	3.8	0.8	1.9	3.2	4.6	10.0	14.6
Finland	3.3	5.1	5.6	7.9	0.9	1.4	0.8	1.0	2.4	3.7	4.8	6.9
Total of countries listed	1 986.5	1 165.6	b 404.8	1 766.7	335.0	196.7	183.6	222.4	1 655.5	970.9	1 221.1	1 544.3
United States	547.1	441.4	802.1	1 095.2	255.1	130.8	198.2	98.3	292.0	310.6	613.9	996.9
Japan	492.2	679.5	358.2	442.6	298.6	292.7	128.8	95.0	193.6	386.7	229.4	347.7

[a] Including Taiwan throughout and Korea for post-war years.
[b] 1939

Note.—Excluding "Special Category" exports.

Source: A Study of Trade between Asia and Europe.

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)



The Mark of

QUALITY ECONOMY & DURABILITY

Our Specialities

* 'Paramsukh' Dhoties
* 'Lakes Beauty' Mulls
* 'Moti Voil'
* Striped Shirtings
* Drills, Addi Cloth
* Cambrics, Longcloth Sarees
* 'Century, Batsman' Blankets
* Bld., Striped and Dyed Turkish Towels
* Grey Sheetings
* Black Dyed Venetian Cloth
* Umberella Cloth.

MULTI-COLOURED PRINTED CHINTZ & MULLS
In Various Designs.

THE CENTURY SPG. & MFG. CO., LTD.
Head Office:
Queen's Mansion, Prescot Road, Fort, BOMBAY.
Gram: Century
Phones: 81904, 30435, 21397
Managing Agents: BIRLA BROTHERS LTD.

AIR FREIGHT EDITION

SECRETARIAT LIBRARY 27 FEB 1954 MADRAS GOVERNMENT

THE Eastern Economist

VOL. XXII. NO. 8. NEW DELHI: FEBRUARY 19, 1954. ONE RUPEE

CONTENTS

LEADING ARTICLES:	Page	SPECIAL ARTICLES:	Page
CALCUTTA CALLING	269	SCHEME FOR THE SALES TAX	286
THE MOLOTOV BASKET	271	UNEMPLOYMENT AND PLANNING	287
PETROL—NEW LAMPS FOR OLD?	272	**THE BUSINESS WORLD:**	
THE WEEK'S NOTES	273	Report on Machine Tools	289
Burma Rice at a Reasonable Price; Verdicts for the Citizen; For Concord on the Campus; Constitution Vindicated in Bombay; Progress in Nigerian Federation; Involvement in Indo-China.		Industrial Statesmanship	289
WORLDGRAM AND NEWS IN BRIEF	277	BUSINESS NOTES	294
WINDOW ON THE WORLD		The Challenge to Burlap; Tobacco without Sale; Negotiations for Oil Prospecting; Cash Allowance in Lieu of Rice Ration; Acquisition of More Tonnage; Structural Steel; Tourist Traffic; Caustic Soda and Bleaching Powder.	
Odysseus on "European Imperialism in Malaya"	281	COMPANY AFFAIRS	299
BOOK REVIEWS	283	COMMODITY NEWS AND NOTES	300
DELHI DIARY	285	CURRENT STATISTICS	303

Calcutta Calling

THE news from Calcutta this week has been far from good. On Tuesday four persons were killed and 65 injured in violent disturbances. It was necessary to call out the military at 8-30 p.m. and Section 144 was imposed in the whole of the city. It is stated that the disturbances were the worst yet witnessed in Calcutta considering the shortness of the period covered and the large number of incidents. If this is so, the situation certainly warrants much more than the routine enquiry which follows disturbances of this kind. It requires a probe into their causes, and the effectiveness of the remedial measures which have been introduced all too late. The primary cause for the disturbance is stated to be the dissatisfaction of the West Bengal Secondary School teachers who squatted on the pavements in and near the Assembly House to draw attention to their pitiful plight. There is no doubt that their grievances were real. Secondary School teachers in West Bengal, before the concessions announced on February 16, were in receipt of a salary of Rs. 50 per

month and dearness allowance of Rs. 10, making their total emoluments Rs. 60 per month. It is quite impossible for a single individual to live on this figure. It is, therefore, totally absurd for the West Bengal Government or, indeed, any State Government in India which pays similarly, to expect even moderately efficient work from its Secondary School teachers. To the written demands repeatedly made, almost all the State Governments have turned a deaf ear. It is literally true to say that the West Bengal Government Secondary School teachers have been driven to physical agitation by the refusal of the authorities to concede what was obviously a just case in time.

To say this is by no means to excuse those politicians, particularly the members of the Communist Party, who have chosen to make the grievances of these people a source of plentiful political capital. It is perhaps only natural to expect, where grievances of this kind exist, that politicians, who necessarily fish in troubled waters, will exploit them to their advantage. In this particular case, however, it was clear that there were people in Calcutta—as there always are—who were waiting for these disturbances in order to indulge in foolish acts of violence like the burning of vehicles. It is a pity that men like Dr. Suresh Banerjee, who were once Gandhians and who should know the limits of any non-violent campaign in the Calcutta scene, should have led processions at a time and at a place which could only have ended in the deplorable results which have been seen. They cannot escape responsibility. The trouble seems to be how that responsibility can be enforced. A last-minute arrest and then release as of a political hero is certainly not the way for any government to play into their hands.

It is almost no use, however, our casting the major portion of the blame on these Leftist leaders. The Government of West Bengal must take it. The truth is that the West Bengal Government's hesitation at critical points in movements of this kind has become a major liability which has done much to derogate from the reputation of even so outstanding an administrator as Dr. B. C. Roy. Why, it will be asked, if the Government of West Bengal could concede a rise in the pay of untrained undergraduate teachers of aided schools and an increase of Rs. 7-8 in dearness allowance, was this not conceded, before February 16, when it leaves every sign of having been extracted by a display of popular feeling and a show of violence. The answer is clear that the West Bengal Government has tended constantly to overrate its capacity to determine the limits within which it can hold popular discontent. It is not clear in this case who has been responsible for this miscalculation. But there is a widespread belief that no major decision in West Bengal can be taken without Dr. B. C. Roy's acquiescence; and it is legitimate to enquire whether the Chief Minister had any doubt on the sufficiency of the salaries which his Government pays to teachers in Calcutta. Why does Dr. B. C. Roy, who has been ready to prescribe counsel to private industries on the need for maintaining not merely a living but even a generous wage for workers, decline to consider the same principles when it applies to the lower grade teachers of West Bengal? Can it be that the West Bengal Government, like the Central Government, has one rule for the private and another for the public sector?

In any case, the public have now decided that what is sauce for the goose is sauce for the gander. And therein lies a source of continuous trouble; for the West Bengal Government has not the resources to fulfil its own generous prescription. The fact of the matter is that the revenues of the West Bengal Government make any concessions of this kind very difficult. It is clear that it does not make them impossible because, as the concessions of February 16 show, they are eventually made. But it does raise the question as to whether the West Bengal Government is capable of extending these concessions, late or early, indefinitely. The answer is decidedly in the negative. This does not mean that these concessions must be resisted. It only means that the Central Government must weigh in with its resources.

The conditions of Calcutta justify special treatment. With a great mass of unhoused or unsatisfactorily-housed people, the mental strain undertaken by the lower middle classes, in particular unemployed refugees as well as non-refugees, makes it inevitable that resources will need to be found to subsidise the conditions of living in most Government and corporate services in that city.

This is no more to say that the City of Calcutta is, in the last analysis, a Central responsibility. There is historical, as well as strategic, justification for Central aid. The conditions of strain in Calcutta are primarily the result of partition. It is true that the partition made only a bad situation worse but it is this removal of the capacity to manoeuvre which leaves the West Bengal Government helpless while other governments can bear such strains. Whereas other States of India may be left to deal with law and order situations unaided, in Calcutta the mere maintenance of law and order is impossible without some economic expedients devised to meet these grievances, which arise primarily on the economic front. It is arguable that the cost of living, which is the main problem, has been of the Centre's making; in any case it is the Centre which is the residual legatee of all the nation's disorders.

It seems a pity, from this point of view only, that the move to raise a debate in the House of the People on Wednesday was disallowed by the Speaker. There is justification enough for his view that education, law and order are State subjects and that the army, when called in to maintain law and order, does not bring the matter under the jurisdiction of the Centre. There are, however, other issues involved and the report has been put out that the Prime Minister on his return from PEPSU has been concerned enough about the action which the Centre should take to make it appear that this is not entirely a local affair. There is every justification for treating the current disturbances in Calcutta as a Central, as well as a State, subject. This is not to question in any way the ruling of the Speaker which is technical in character. It is to point out that when the Central Executive itself takes a different view of its responsibilities, it cannot be seriously contended that Central policy should be excluded from the discussion.

There should be no grudging acceptance by the Centre of these liabilities. The port of Calcutta is still our largest port and it commands the great areas of Bihar and Bengal which are vital for India's industrialization, present and future. It is time that confused counsels or any divisions between the Centre and the State should be closed. It is not the West Bengal Government which needs to set up a commission of enquiry. Since the resources must be found by the Centre, the situation in Calcutta and West Bengal calls for a high-powered Committee to be appointed by the President of the Indian Union. Its terms should be adequate and its recommendations for relief and assistance must be pressed into action with all possible haste.

The Molotov Basket

DURING World War II, the Molotov Basket was a bundle of incendiaries which rained destruction on German-occupied cities on the Eastern Front. In the Cold War—and the battle of wits described as the Foreign Ministers' Conference at Berlin—Mr. Molotov had a basket of another kind. Last week he submitted to the Conference of the "Big Four" a proposal for a general European treaty open to all European States, whatever their political system. The fate of this ingenious proposal was a foregone conclusion at this particular Conference. It drew from Mr. Eden last Monday a fierce retort. He told Mr. Molotov that "he had not come to Berlin to apologize for the North Atlantic Treaty Organization, still less to discuss its dissolution". The Soviet plan, he said, provided that the U.S.A. should be deliberately excluded from the defence of Europe. He offered to consider "any other proposals" which the Soviet delegation might wish to put forward but emphasised "that these must be consistent with our security in the West as with the security of the Soviet Union". And thus were underlined almost all the points of difference which have made the Berlin Conference a singularly infructuous performance.

The interest for us does not lie in these differences or in the failure to reach agreement. The differences were fully known before the Conference, and failure was expected. As it turns out, American reluctance to hold the Conference at all has been justified; and the proceedings are a rebuke even to Sir Winston Churchill whose retirement with this failure is now believed to be imminent. The interest for us lies in the curious reaction of much of Indian opinion to these proceedings. While the whole of Western Europe is not even momentarily deceived by the Russian proposals—which are nothing more or less than a new campaign for Russian hegemony over Europe—Asian opinion is often surprised and disappointed that so eminently reasonable a suggestion should be thus summarily rejected. After all, it argues, the Russians are offering a European treaty which must imply a promise of non-aggression. The Russians honour their non-aggression pacts, though their interpretation of clauses of treaty are admittedly a source of trial and tribulation. Rather than maintain all this tension, with no prospect of seeing a German treaty through, would it not be worth while keeping the Americans out of N.A.T.O.? If an act of aggression took place, the Americans could, and would, come in even without N.A.T.O. Therefore, was not this Russian proposal deserving of some gentler consideration?

In this attitude, quite widespread in India and held to a greater or less extent by many people in South-East Asia, is revealed the fundamental difference between the European and Asian mind in its approach to Communism and the Cold War. Because both have been held at bay in Asia—largely because of French resistance in Indo-China, the Himalayas and the military strength of the Free World—Asian opinion is very apt to believe that the danger of aggression in Europe is now the result of the policy of containment, and an equilibrium can be found in Europe as it has been found in Asia, without a large-scale military alliance like N.A.T.O. Whereas in Western Europe, the new Molotov Basket will have no sympathy at all, there are many people in Asia, by no means fellow-travellers, who consider that this was a genuine proposal for peace. Since it has been turned down flat by the Western Three, it is assumed that it is they, not the Russians, who are determined on the continuance of the Cold War.

To say that this is totally to misread the character of Russian Communism is not to answer the point why the Western case fails so completely to record on Asian opinion. The truth almost certainly is that the Western Powers have lamentably failed to advertise the occasions on which the Russians have made such proposals only for propaganda effect, knowing full well before they made them that they were unacceptable. In this particular Conference, a blatant example was to be found in Mr. Molotov's handling of the Austrian treaty. On February 12, Mr. Molotov did in fact propose a final Austrian treaty within three months, but at the same time served notice on the West that Russia proposed to keep 40,000 troops in Austria "indefinitely"; in fact, therefore, there was to be no Austrian treaty. On February 14, in a supreme attempt to reach agreement, the Western Foreign Ministers announced the acceptance of the Soviet version of all five disputed Articles and the Soviet amendment to Article 35, authorising payment by Austria in goods instead of dollars for German assets. Dramatically, the Western Foreign Ministers called upon the Russians to sign an Austrian treaty at 3 p.m. on Thursday, February 18, before the Conference finally breaks up. The Soviet Foreign Minister's response was typical; accepting the point "in principle," he now advanced six further conditions which make any early conclusion of a treaty quite impossible.

The significant point that when Russian proposals are accepted, there are always new obstacles, of procedure as often as of substance, has many times escaped even serious students of international affairs in Asia. In this case, while surprise is expressed at the summary rejection of Mr. Molotov's European plan, almost no attention is drawn to the fact that, when the Western Powers conceded a Russian interpretation of the disputed clauses of the Austrian draft treaty, totally new objections were immediately raised.

The truth stands out of this Conference that the Russians desire no settlement in Europe. In Realpolitik, there is almost no reason why they should. With their troops straddled across the waist of Europe, they are not merely secure in military terms; they exercise economic despotism over the economies of all the satellite countries. The West has nothing of equal value to trade against a Russian withdrawal. And, therefore, the Russians have refused to give any ground. To admit that this fits in well with their interests is by no means to imply that they have any moral case to stay where they are.

Asian opinion is not favourable to a case in Realpolitik; otherwise it would be much more sympathetic to the American idea of military containment. It claims, and probably truthfully, that it attempts to weigh in moral considerations in the pursuit of national interest. Indeed, it claims, the pursuit of peace stands above all. If this is, indeed, true, then the Western case which is based on the immoral occupation of the satellite countries by Russian troops should be conceded. Why does Asian opinion find it so difficult to appreciate the moral weakness of the Russian stand? This is a question which it is for Western instruments of publicity to answer.

Petrol—New Lamps for Old?

AT long last, the Indian motorist seems to be getting something for nothing. For years he has watched the price of his petrol steadily mounting under the joint pressure of Gulf prices and the relentless demands of both Central and State Governments. Petrol prices differ naturally because of distances from ports of landing, but the price of Rs. 2-14-6 per gallon at Delhi is a fair indication of the hostages one gives to fortune if one proposes to use a personal car. The number of people who could continue unflinchingly to maintain their demand at a constantly rising price has naturally enough tended to decline. Petrol sales leapt up after decontrol, and, for more than two years, the Indian demand curve showed a vitality as great as it did during the war. The ardour of consumers has naturally dimmed, however, with every rise in price. The demand for petrol in India has levelled off, and in some months it has looked as if it were turning down. An increase in business activity has tended not to be reflected in petrol sales. Consumer displeasure, clear enough for nearly two years on food and cloth, has chosen a new field for the exercise of its latent feeling.

The oil companies, better equipped with economic analysts than any other industry in India, have not been slow to read the signs. The Indian consumer needed to be wooed. This must be the special significance of the offensive opened this week by two leading oil companies with the marketing of additives at no additional cost to the consumer. Burmah-Shell's campaign released on Wednesday, February 10, covered an ingredient described as Ignition Control Additive which incorporates a chemical, tricresyl phosphate, which, it is claimed, abolishes pre-ignition and sparking plug fouling and thereby gives more power and more mileage per gallon. No precise figures have been given of the effect on running costs but it is stated that new cars lose fifteen per cent of their original power after the first few thousand miles, and it is implied that this loss of power can be made good to a large extent by this additive. If this claim is fulfilled and there are no deleterious effects, the bold claim that this is the greatest petrol development since tetraethyl lead was introduced in 1922 may appear to be justified.

Unhappily—differently from the discovery of tetraethyl lead—there is no unanimity on the virtues of the new additive. The Standard Vacuum Oil Company of New Jersey which had for some time added S-54 in its pumps claims that its additive has superior qualities in that it "minimises deposits in the combustion chamber and improves the functioning of the separate parts of the intake or breathing system with the result that power output is maintained at a peak". In an advertisement to be found elsewhere in this issue the technical properties of S-54 are more fully described. The two companies are, perhaps, scrupulously correct in advertising their own products and not making any precise comparison with the products of their competitors. But the consumer, who is quite incapable of discerning the merits of this highly technical argument, would welcome a decision by an unbiassed authority, if such an authority can happily be found.

As it is, with the battle at its peak, the effect on the consumer of either product has probably been neutralised. The fortunate beneficiaries of this campaign have been the newspapers, whose advertisement revenues have taken a welcome spurt in the last week, and whose hope must be that the battle will be waged long and fiercely in space which is now all too readily available. The third oil company, Caltex, will obviously also need to enter the fray, it being impossible to hold business without an additive of equal virtue or reputation. And thus a three-cornered contest is likely to ensue to determine whether any of the oil companies can increase its percentage sale at the expense of either or both of the others.

It is unlikely, notwithstanding the benefit that the consumer has obtained by obtaining an additive for nothing, that this battle, which shows every mark of high-pressure salesmanship, will alter the structure of the total demand for petrol. The Indian market, here as elsewhere, is not very sensitive to improvements in quality. It is markedly sensitive to price. And thus one wonders if all the energy and drive being thrown into the sales campaigns might not have been more usefully directed in unison to convincing the Central and State Governments that their taxation policy both on vehicles and on petrol was in urgent need of reconsideration.

About six months ago when the Planning Commission appeared momentarily in earnest about giving fresh life to the roads in order to assist in the solution of unemployment, it would seem that concerted action by the oil companies to explain their case might have produced better dividends. Too much hope was then placed in the belief that the Government of India in particular would see, even at some cost to itself, a patent and unanswerable case. After that halcyon period, disillusion has been great. Far from assisting by a reduction in price, the Central Government has even allowed Delhi State to impose a sales tax on petrol which has increased prices here by one anna and six pies per gallon. The simple point that these revenues are being obtained at the price of a further reduction in employment and business activity has gone unheeded.

It is time that the folly of existing policy in respect of the taxation of vehicles or their use should be exposed. At the present time, car-owners of India are mulcted three times by Central or State Exchequers. High import duties on spare parts keep even domestically-produced cars at a figure so high that the purchase of a car necessarily involves privation for all except the rich or corporate persons. Secondly, car maintenance and the charges payable to garages have now passed all limits of reason. Finally, the taxation on petrol is now so crushing that, considered with the price of other necessities, it is virtually impossible for the total demand for vehicles or for petrol to rise. And thus the Central and State Governments have succeeded in preventing the growth of one goose that might in time have laid a golden egg.

The most significant benefit of this campaign of two out of India's three oil companies should arise from this direction of attention to what is seriously wrong with this industry. The oil companies themselves have already spent much in the erection of competing pumps which could only be justified on the premise of an increasing total demand. It would be wasteful now for each of them to embark on a campaign designed, probably ineffectively, to increase its own share of a stationary or declining quantity. They should turn from this destructive operation to convincing the Finance Minister and the Transport Minister that they really have a duty to the roads, the neglect of which has been terrible in its effect both on employment and development. If they make this effort forcefully enough, perhaps, they may even be rewarded for their efforts at no distant date. After all, Budget day is not now so far away.

THE WEEK'S NOTES

BURMA RICE AT A REASONABLE PRICE

Although no formal communique has been issued on the purchase of Burma rice by India, it is understood a satisfactory agreement has been reached under which the Indian Government may be able to place on sale imported rice without raising internal rice prices. It is widely believed that this agreement has been reached by a compromise on Burma's debt obligations and the acceptance of repayment of debt as a component of the price of £50 per ton which is the nominal purchase price. It has always been held by the Government of Burma that some of these obligations were precedent to the formation of a democratic government and, therefore, they could not all be properly enforced against the Union of Burma in its present form. The case was one which obviously permitted some little adjustment on both sides.

India needed rice at a reasonable price and Burma, while not creating a precedent which would keep off other customers, needed to make some payment towards her debt which in principle had been accepted. If, as is rumoured, the agreement permits of both considerations to be kept in mind, it should be warmly welcomed. The Food Minister in particular is to be congratulated on having displayed both firmness and resilience in arriving at a solution of this difficult question. It is earnestly hoped, now that a major difference on this issue has been avoided, that Indo-Burmese trade which in the last twelve months has been on the decline will revive and expand, particularly in respect of textiles where Indian goods have recently come under additional discrimination.

VERDICTS FOR THE CITIZEN

Two recent judgments of the Supreme Court have made a notable contribution towards increasing the protection afforded to the citizen against the encroachments of the State on his rights. The decision that a civil servant can maintain a claim against the State for arrears of his pay is important for the conclusive manner in which the traditional plea of the Crown's non-liability to be sued has been dismissed. The peculiar principle of English law based on the maxim that the King can do no wrong and could not be sued in his own courts except through Petition of Right, was anomalous all along in Indian conditions. It was much more so after the doctrine had been modified in England itself by the Crown Proceedings Act. In Republican India, it was time to give it the quietus. The principle has done enough injustice in the past by depriving citizens of remedies against the State for tort and malfeasance. At least in the field of the rights of the civil servant, in which statute law has expressly provided certain obligations, it was hardly proper for the executive to have invoked an archaic formula in self-defence. It is hoped that this will be the beginning towards the ending of the special position of the State in actions for redress, except where such position is expressly conferred by statute law.

The second important decision relates to the declaration that the Madras Act of 1949 for the acquisition of electricity undertakings was 'ultra vires'. The decision is not a permanent handicap to the State because under the present Constitution, item 36 of List II makes the State's power of acquisition extend to all property, not merely to land as under the pre-Republican Constitution. Madras State may be able to re-enact the law at least with effect from the date of the Constitution's coming into force. The present decision is to the effect that the existence of a power of concurrent legislation on the subject of electricity did not by itself imply a power to the State of acquiring an electricity undertaking—though the Madras High Court had held that it would. This view of the Supreme Court amounts to a refusal to accept anything even feebly resembling a doctrine of "implied" powers, leading logically to the position that even the Centre—which did not have the specific power of acquisition of commercial or industrial undertakings under the old Government of India Act—could not have enacted the legislation without express authorisation by the Governor-General. It may still be argued that the scheme of the Government of India Act was to allow free scope for legislation on the subjects allocated, subject only to the right of compensation under Section 299. This principle may not rest here as it may arise in other cases coming under pre-1950 legislation but the refusal of the judiciary to read an implied power in the State vis-a-vis the citizen is heartening.

FOR CONCORD ON THE CAMPUS

It was natural that the Central Advisory Board of Education should have felt less certain about its prescriptions for the improvement of university education than about the reform of secondary education. The problem of restoring student morale was considered at length and even though there could be no disagreement over the analysis of the causes available to the Board, there could be no assurance that the remedies suggested can be immediately implemented successfully. The loss of leadership of the university teacher is the outstanding feature of the diagnosis. There has been a flow of ill-equipped personnel for the ill-paid jobs when under war-time and post-war conditions the better men could seek more lucrative jobs. Unfortunately, the position cannot be now reversed even in the changing conditions because of the steady decline in the quality and standard of the products of university education. It is difficult to say that enhanced pay and status would make up for the deficiencies of training; but if it helps to attract men who have already occupied responsible positions in other walks of life and can bring a fresh approach to the task of teaching, it would be a great gain. There is no need for over-emphasising academic experience alone in university appointments; persons experienced in business, administration, and law may prove more sober teachers, and exercise a healthier influence on students.

The effect of the recommendation for a minimum pay of Rs. 250 for college teachers and the grant of facilities to them of insurance, housing and children's education implies that Central assistance on a sufficient scale, linked to these benefits, should be forthcoming. Grants have been now assured for construction of student hostels and staff-quarters. A sense of responsibility in the appointment of examiners has also been recommended. This in turn depends on the character of the university administrations, which have been subjected to many undesirable influences. The Board has made the suggestion that two-thirds of the members of the Senate or Court should be teachers, and that one-third might be outsiders. All principals of affiliated or constituent colleges should be ex-officio members of the Senate, and, if possible, one senior teacher also from each college. To avoid the evils of the system of election, a system of membership by rotation has been recommended for the Syndicate or Executive Council. The Central Advisory Board has also considered it undesirable that the head of a State should be ex-officio Chancellor. The wider adoption of the Delhi model for the selection of Vice-Chancellors, from a panel of names submitted by a Selection Committee, is expected to make an improvement over the existing procedure in many universities.

CONSTITUTION VINDICATED IN BOMBAY

The Bombay High Court's judgment defending the right of a citizen to seek admission for his children in English-teaching schools, in spite of the State Government's prohibition against all non-Anglo-Indians, is a magnificent tribute to the Indian Constitution. The judgment highlights the flagrant character of the violation of the specific provisions of Article 29 of the Constitution which forbade such discrimination and of Article 337 which positively insisted on the admission of a specified proportion of students other than Anglo-Indians to these schools. Nothing but an extremely fanatical and narrow outlook was responsible for the Bombay Government's new educational policy; the contradictions involved in deciding the mother-tongue or in assigning a minor and insignificant role to English have been fully exposed in the course of the hearing before the Court and in the judgment. It is gratifying that the remedy against the arbitrary interpretations of the State Government was available quickly before causing serious injustice to students.

The discussion of the subject of the future role of English as a medium of instruction has been unnecessarily mixed up with a lot of half-baked ideas. No one need deny the importance of the mother-tongue but to regard instruction in the mother-tongue as an immutable principle is highly absurd for three reasons. For quite a considerable number of citizens who have to live far away from the regions to which they belong, facilities for instruction to children in the mother-tongue are just not available and cannot be established. Secondly, several generations of citizens who have been brought up in an atmosphere of English teaching have made notable contributions not only to Indian public life and culture but to the development of the regional languages and towards enriching Indian literature. Lastly, even if English is regarded as normally unnecessary for the vast majority of citizens, it may be justifiably regarded as essential by those who seek to have access to the more specialised literary, scientific or artistic treasures available in English. This country is large enough and endowed with a sufficiently liberal tradition to permit sufficient diversity and there is no reason why the average politician whose horizon is limited by his interest in the cheap slogans of the day should have the last word on these subjects. The Constitution can have no greater purpose or significance than that the citizen has a right to make choices for himself in matters which shape his individuality, without arbitrary interference from those clothed in brief authority.

PROGRESS ON NIGERIAN FEDERATION

The White Paper on the Conference on the Nigerian Constitution held at Lagos last month has disclosed that there was agreement on all the outstanding questions left over for discussion at the London Conference earlier in August. There were quite a number of matters on which there might have been sharp disagreements among the parties to the Lagos Conference. The report claims that "the deliberations went smoothly and were marked by a business-like spirit of compromise on all sides and a desire to reach agreed conclusions with a minimum of unnecessary argument". Agreement was reached on the future of the Cameroons under United Kingdom trusteeship. The report of the Fiscal Commissioner recommending Central collection of revenue, other than personal taxes, and for its allocation to the three regions has been accepted with minor modifications. The regionalisation of Nigeria's Marketing Boards, which hold reserves of nearly £75 million, has also been solved satisfactorily. There will be a federal Supreme Court with appellate powers and provisions have been made for regional and federal public services.

The question of the status of Lagos, which now forms part of the Western region, has been the most explosive of all issues and the Action Group in the Western Region has been steadily attacking the British award to the effect that Lagos should become part of the federal territory. This issue has not been raised at the Conference and it is believed that the leaders of the Western Region have thereby given their tacit agreement to allow a period of trial of the federal status until 1956. The Nigerian federation that will come into being as a result of these agreements will involve a good deal of regional autonomy. The main federal principle lies in the introduction of direct and separate elections to the federal legislature which should confer sufficient power to the Centre to act for the common good.

INVOLVEMENT IN INDO-CHINA

President Eisenhower's affirmation last week of the U.S. determination to avoid involvement in the fighting in Indo-China was made in reply to the rumours and alarms which were spread in Washington, on the basis of the presence of 200 air-force technicians in Indo-China, that an enlarged American commitment was likely. It was also a step to allay the general fear that the President's executive powers may be used to make major decisions, without the authority of the Congress. The President's statement has to be viewed in the context of the atmosphere created by the Bricker Constitutional amendment. But the indirect effect of the declaration on French morale has not been happy, not only because it frustrates hopes of eventual American intervention but also because it is felt that China would continue to aid the Viet-Minh more freely without being deterred by the prospect of U.S. intervention. At the same time, there has been anxiety in France that Mr. Dulles should explore the avenues for an Indo-China settlement in the Berlin Foreign Ministers' Conference. The French have also shown themselves highly embarrassed by Dr. Syngman Rhee's offer to send South Korean troops to fight the Communists, which they believe would lead to direct Chinese intervention.

The net result is the absence of any material change in the situation, while the Viet-Minh offensive mounts in Laos and threatens the neighbouring areas. It is too early to predict an improvement in the military situation because of the presence in Indo-China of M. Pleven, the French Defence Minister, who is armed with extraordinary powers. There are still hopes that the proposed Korean Conference in Geneva may come off in April so that the question of Indo-China may be discussed as part of a general Far Eastern settlement.

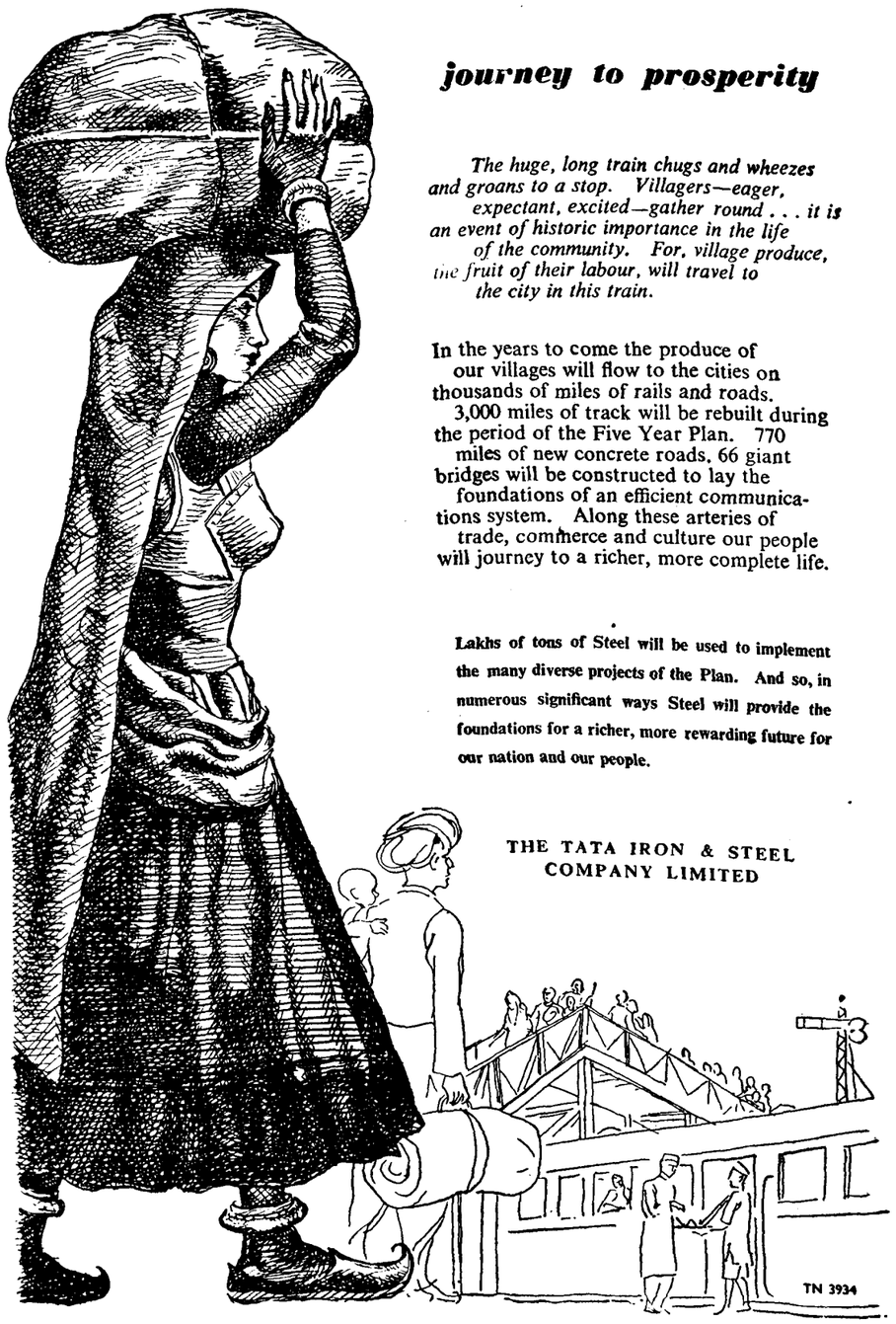
THE
PUNJAB NATIONAL BANK LTD.
(Established 1895)
H. O. 8, Underhill Road, DELHI
OFFERS
A COMPLETE RANGE OF BANKING AND EXCHANGE SERVICES
THROUGH ITS 300 OFFICES
AND
CORRESPONDENTS ALL OVER THE WORLD
DEPOSITS EXCEED .. Rs. 65 Crores
ASSETS EXCEED .. Rs. 79 Crores
AS ON 31-12-1953
B. N. PURI
GENERAL MANAGER

New inventions, new exhibits, new facilities make 1954 BIF most interesting yet seen

BIF

WORLD'S GREATEST NATIONAL TRADE FAIR
WILL REFLECT BRITAIN'S INCREASING PRODUCTION
STOP MANY NEW EXHIBITORS WILL SHOW
MOST ATTRACTIVE GOODS STOP WISE TO CHECK ON
WHAT BIF CAN OFFER BEFORE BUYING ELSEWHERE
STOP FAIR OPENS THIRD MAY RESERVE
TRAVEL AND HOTEL ACCOMMODATION EARLY

BRITISH INDUSTRIES FAIR
MAY 3—14 · LONDON · BIRMINGHAM
Information is obtainable from the United Kingdom Trade Commissioner at Delhi, Calcutta, Bombay or Madras.



journey to prosperity

The huge, long train chugs and wheezes and groans to a stop. Villagers—eager, expectant, excited—gather round . . . it is an event of historic importance in the life of the community. For, village produce, the fruit of their labour, will travel to the city in this train.

In the years to come the produce of our villages will flow to the cities on thousands of miles of rails and roads. 3,000 miles of track will be rebuilt during the period of the Five Year Plan. 770 miles of new concrete roads, 66 giant bridges will be constructed to lay the foundations of an efficient communications system. Along these arteries of trade, commerce and culture our people will journey to a richer, more complete life.

Lakhs of tons of Steel will be used to implement the many diverse projects of the Plan. And so, in numerous significant ways Steel will provide the foundations for a richer, more rewarding future for our nation and our people.

THE TATA IRON & STEEL COMPANY LIMITED

TN 3934

WORLDGRAM

TRADE

Decline in East-West Trade: Exports from Russia and Eastern Europe and China during the first six months of 1953 were worth $653 million as against $736 million for the corresponding period in 1952. Imports by these countries from the rest of the world also fell from $689 million in the first six months of 1952 to $612 million during the corresponding period in 1953.

AGRICULTURE

Sound Finances of I.C.A.R.: The financial angle of a number of current and new research schemes in respect of agriculture and animal husbandry were examined by the Standing Finance Committee of the Indian Council of Agricultural Research which met recently. These schemes will now be referred to the Standing Committee and finally to the Governing Body of the Council. The Council's share for financing the current schemes carried out in conjunction with the State Governments, whose continuance has been recommended by the Advisory Board, would amount to Rs. 32,25,825. They include rice breeding, wheat-rust control, hybrid maize multiplication, grassland survey, manurial trials and soil survey, fruit preservation, cattle improvement and possibility of using Sindhi milking cows for work. The new schemes recommended for sanction by the Advisory Board would cost the Council Rs. 68,12,330. They include commercial production of hybrid maize, dry-farming and soil conservation, usarland reclamation, effect of chemicals on the storage of fruits and vegetables, survey of indigenous implements, cross-breeding of cattle, utilisation of waste products for feeding cattle, value of urea as a protein substitute in the ration of cattle and milk supply to Patna and Chandhigarh towns. The total sum available for general research work from 1954-55 to 1956-57 would be Rs. 196.10 lakhs, while the total expenditure anticipated to be incurred during the three years would be Rs. 186.85 lakhs.

* * * * * * *

Progress of Indian Council of Agricultural Research: The I. C. A. R. celebrates its silver jubilee this year. 34 extension training centres have trained 3492 key personnel including 549 supervisory staff. These centres are situated in 18 States, and were set up with financial assistance from the Ford Foundation and the U.S. T.C.A., and have a total of 1877 personnel under training. Sampling techniques relating to improvement of livestock and fisheries have been developed. Rice breeding to increase yield, and schemes for weed-resistant millets are being developed. Rinderpest control is being experimented upon in a pilot scheme. The I.C.A.R. has initiated a pilot survey for the collection of fish-catch on the South-East Coast of Madras.

* * * * * * *

Standing Committee on Central Forestry Board: The agenda for the first meeting of the Standing Committee of the Central Board of Forestry includes imposition of a cess on timber sales, as recommended by the Estimates Committee of Parliament, and fixation of timber prices for industrial use. Other subjects for consideration by the Committee relate to (1) inter-State regional forestry organisation, (2) training of forest guards, (3) extension of the diploma course for forest officers by one year and (4) arrangements for the World Forestry Congress, which is to meet in Dehra Dun in December next. The meeting will also discuss the recommendations of the Executive Committee of the Indian Board for Wild Life and the Central Advisory Board on Forest Utilisation.

* * * * * * *

F.A.O. Conference of Technical Co-operatives: The F.A.O. has convened an Asia and the Far East Conference of technical co-operatives in Colombo, some time next week. The agenda of the Conference includes (a) the functions and structure of a Government co-operative service, (b) Government financing of co-operatives, (c) marketing of agricultural products, (d) contribution of co-operatives to increase agricultural production and (e) extension of training facilities. A sub-committee of the National Liaison Committee has been proposed to study and consider the reports of the F.A.O. Conference held in Rome late last year.

* * * * * * *

India's Biggest Land Reclamation Scheme: A scheme for colonising and bringing under cultivation about 2,50,000 acres of virgin land on the Indo-Nepalese border in the districts of Lakhimpur and Pilibhit is under consideration of the Central Government, it is learnt. The Central Government are to negotiate with the Government of Nepal about the proposed scheme, since about 1,00,000 acres of this land lies in Nepal. The Rs. 25-million scheme is expected to reclaim an area of about 200 square miles at present considered one of the worst malaria-infected places in the world. The Colonisation Department is making a detailed survey of possibilities of irrigation, needs of communication and the soil conditions. It is proposed to reserve about 60 per cent of the land for educated unemployed interested in agriculture. The rest of it would be allotted to landless kisans. It is stated that it will be the biggest colonisation scheme in the country and has possibilities of becoming the nation's largest granary.

* * * * * * *

Land Reforms in West Bengal: A high-level Committee has been constituted by the Government of West Bengal, to consider the Draft Bill for the land reforms measure proposed to be enacted by the Government. While the Draft Bill is ready and published for official use only, according to informed circles, the measure for distribution of land will not be brought forward in the budget session of the State Assembly scheduled to meet on February 15.

FINANCE

U.S. Personal Income for 1953 Establishes New Record of Rs. 1,35,991 Crores: Personal income in the United States reached an all-time high of $284,500 million (approximately Rs. 13,59,91,00,000) during 1953. This record income was achieved despite a slight drop in income during the last months of the year. The year's total was 6 per cent higher than in 1952. After allowing for changes in personal taxes, consumer prices and prices and population, the American consumer in 1953 had three per cent more disposable income in terms of real spending power. In 1952, the increase was one per cent. Personal income rose moderately in the first half of 1953, reaching an annual rate of $287,500 million in July, an increase of 2½ per cent over the December 1952 rate. During the last half of 1953, personal income in the aggregate moved down one per cent. The decline was centred in the manufacturing industries.

* * * * * * *

U.S. Will Join Seaway Project: A bill authorising the United States to co-operate with Canada in building a £333-million sterling St. Lawrence seaway was approved recently by the House of Representatives Public Works Committee. The seaway would bring to life the 50-year-old dream of linking North America's Great Lakes with the Atlantic. It would enable the big ships of the world's merchant fleets to ply almost halfway across the North American continent. American supporters of U.S. participation in the vast project won Senate approval some time back.

* * * * * * *

Inquiry Into Deals with Foreign Firms: The Government of India are instituting an inquiry into the Industrial and Commercial agreements in India with foreigners, involving remittances on account of royalty or technical aid. All commercial, banking, insurance, shipping, navigation and advertising concerns have been

asked to submit information before 1st March. Railways, motor and air transport, rubber, tea, coffee and cinchona plantations and forwarding or clearing agents are included in this inquiry. Firms are expected to disclose the nature of the concern, give details of branches and associated companies, the nature of main business and the names of managing agents. Information regarding each firms' paid-up capital and the amounts of its rupee, sterling and other foreign capital are required in detail. Details of payments received from other concerns for remittances abroad for the eighteen months ended June 30, 1953, in the form of royalty, technical fees, share of profits and any other payment are also required.

* * * * * * *

Coal Board Loans to Collieries: The Indian Coal Board is considering the issue of giving loans at low interest, and increased payments as subsidy to coking coal collieries that undertake stowing for conservation. Loans at rates lower than the current rate of 4½ per cent will be granted to assist or establish equipment or plants necessary for conservation of coking coal. The stowing subsidy was recently raised from Rs. 1-4 to Rs. 1-5 per ton, and the review of the items of expenditure included in the reckoning of stowing cost may lead to the acceptance of certain other items of cost in the reckoning by the Board.

INDUSTRY

Britain's Car Exports Over Two Million: The output of the British motor industry during 1953 reached nearly 595,000 cars and 240,000 commercial vehicles, a total of almost 835,000 units, it has just been announced by the Society of Motor Manufacturers and Traders. The year's exports amounted to more than 302,000 cars and just over 111,300 commercial vehicles and the total value of the industry's exports of all motor products came to £300 million. Since the war, and up to the end of 1953, the U.K. motor industry had exported more than two million cars and over three-quarters of a million commercial vehicles.

* * * * * * *

American Firm's Services for D.V.C.: A supplementary agreement was signed recently between the Governments of India and the United States, providing for extension up to June 30, 1956, of the engineering consultant services of the Harza Engineering Co. of Chicago, Illinois, to the Damodar Valley Corporation, it was officially stated recently. The U.S. Government would make available for this purpose a sum of $632,000 (about Rs. 30 lakhs) of technical assistance funds.

* * * * * * *

Canada to Supply 120 Engines to India: Mr. Robert Morse, President of the Canadian Locomotive Company, stated recently that work would begin immediately on the 20-million dollar order for 120 steam locomotives for India. The order was first announced in Ottawa on January 5. The Company would try to make initial deliveries in 12 months and complete the order by the end of 1955.

* * * * * * *

International Spring Fair in Utrecht (Holland): Over 3,500 manufacturers and traders will be represented at the forthcoming International Spring Fair in Utrecht (Holland) to be held from March 30, to April 8, 1954. This event is organized by the Royal Netherlands Industries Fair. Besides showing a complete survey of Dutch production the Fair presents goods of foreign make, originating from 25 countries, among which Great Britain, Germany and the U.S.A. dominate. The Utrecht Fair is divided into two main sections, one where consumer goods and household articles are exhibited, the other where houses, engineering goods and industrial equipment will be displayed. The coming Spring Fair will cover a net exhibition space of over 500,000 square feet.

* * * * * * *

Labour Conditions in the Silk Industry: A Ministry of Labour survey reveals that the total number of workers employed in 31 selected units of the silk industry decreased from 12,651 in July, 1951 to 9,120 in July 1952, as a result of adverse business conditions. Of the employed workers 88 per cent are men and 12 per cent women. During the year ended June 1952, the percentage of permanent workers dropped from 74.9 per cent to 67.0 per cent. The average rate of labour turnover for 27 of the 31 units was nearly 73.6 per cent; in Mysore State it was 195.6 per cent. Monthly minimum basic wages of the least skilled workers vary from Rs. 6-8 in Saurashtra to Rs. 35 in the Punjab. Dearness allowances vary from Rs. 8-2 to Rs. 17 generally in the States whilst in Bombay State it varies from Rs. 18-4 to Rs. 50-6.

MISCELLANEOUS

E.C.A.F.E.'s Economic Survey, 1953: Prominent features in Asian economic development in 1953, as described in the E.C.A.F.E. Economic Survey, 1953, were: (1) The effects of the Korean "boom and bust" period have worked themselves out and there are indications that Asian export earnings have settled down since the second half of 1953 on a level slightly higher than that registered in the immediate pre-Korean War period (before June 1950). (2) the food situation since the second half of 1953 has changed from scarcity to surplus, and with the break in rice prices, the last vestiges of the sellers' market have disappeared. (3) While export prices have until recently continued to decline, domestic prices in most Asian countries have shown an upward tendency. (4) The purchase of capital goods has acquired a different aspect. Whereas until not too long ago delivery difficulties on the part of foreign suppliers were a limiting factor, the volume of purchases is now governed by considerations of available foreign exchange on the part of Asian importers. (5) Asian countries are hit by the price "squeeze" resulting from Asian raw material prices having suffered a sharper drop than prices of imported capital goods. (6) Lower revenues have confronted all governments of Asian countries with the dilemma of either to curtail economic projects, or to resort to controlled deficit-financing in the interest of uninterrupted economic development.

* * * * * * *

Scientific Conference on Wool Textile Research: An international conference on wool textile research is to be held in Australia in 1955. The Conference will be sponsored by the Commonwealth Scientific and Industrial Research Organisation jointly with the Australian Wool Bureau. The Conference aims at stimulating research on wool, bringing about a wider understanding of the research problems of the industry. The wool textile research laboratories of the Commonwealth Scientific and Industrial Research Organisation comprise a protein chemistry laboratory in Melbourne, a physics and engineering laboratory in Sydney, and an applied laboratory, including an experimental mill, at Geelong. Research on wool, wax and proteins is being undertaken in the Organisation's division of industrial chemistry in Melbourne, and for some years wool textile research has also been a feature of the Gordon Institute of Technology at Geelong and of the New South Wales University of Technology in Sydney.

* * * * * * *

Yugoslav Technical Aid to Other Countries: Under the programmes worked out by the Economic and Technical Aid Administration, Yugoslavia will in 1954 give industrially underdeveloped countries more technical aid than ever before. For instance, it has been planned that Yugoslavia send ten specialists to work for several months in various economically backward countries, and that it receive from these countries 380 workers and engineers on scholarships to study in Yugoslavia. Yugoslavia will extend most of its help through the United Nations as well as through bilateral agreements with various countries and international associations of engineering and economics students.

NEWS IN BRIEF

INDIAN

The 14th Annual Conference of the All-India Manufacturers' Organisation will be held in Calcutta on Saturday, 27th March and Sunday, 28th March, 1954. Sir M. Visvesvaraya will preside. Important subjects relating to the vital problems of the day affecting industry and trade of the country will be discussed.

* * * * * * *

The Government of Bihar have approved the scheme for providing a weir over the Batre river in the 38th mile of Harihargan-Daltongan Road in Palamau District at an estimated cost of over Rs. 6.5 lakhs, it is learnt. Seventy-five hundred acres of land are expected to be irrigated as a result of this scheme.

* * * * * * *

Rotary International recently announced that three students in India have been awarded Rotary Fellowships for 1954. The Fellowships entitle recipients to one year's advanced study abroad and are of value ranging from $1,800 to $3,400.

* * * * * * *

Indian Council of Agricultural Research has agreed to bear 50 per cent of the total cost of a scheme for improving sheep breeding in Bihar for three years. The scheme is estimated to cost over Rs. 37,000, half of which will be borne by the Bihar Government.

* * * * * * *

The Indian Delegation to the fifth session of the Inland Transport Committee of the International Labour Organisation, being held at Geneva this week, will comprise one government, two employers' and two workers' delegates.

* * * * * * *

The total outlay on the Five-Year Plan in relation to the State of Rajasthan has been increased since the finalisation of the Plan by a little over Rs. 6 crores. The total expenditure is now estimated to be Rs. 2297.1 lakhs. The increases are under the heads Agriculture, Veterinary and Animal Husbandry, Power Projects and Roads.

* * * * * * *

India's tea exports will be about 15 million lbs. less than in the previous year, according to the export quota allotted for 1953-54. Last year's export totalled 252 million lbs. The drop is attributed to "poor stock position".

* * * * * * *

The Government of India have sanctioned grants totalling Rs. 11,844,935 during December, 1953, and January, 1954, under the Industrial Housing Scheme, 1953-54, for the construction of 4,907 tenements.

* * * * * * *

The Government of India are exploring possibilities of marketing abroad accumulated stocks of tobacco in Guntur. An estimate places the stocks at between 32—60 million lbs. Even though the price has dropped from six annas to one anna and six pies a pound, there have been no buyers, causing widespread distress to small-scale cultivators.

* * * * * * *

The Government of India, it is reported, are to sign an Indo-Burmese rice agreement for the purchase of 6 lakh tons, following the pattern of Burma's recent contracts with Ceylon and Japan. The basic price of rice is £50 per ton for supplies in 1954.

* * * * * * *

The Government of India are reported to have decided to allow import of about 200,000 bales of U.S. cotton and an additional 500,000 bales from non-dollar areas, in order to maintain production at the present level.

FOREIGN

The Cotton Board announced Britain had increased its output of cotton and rayon cloths last year by over 340,000,000 yards.

* * * * * * *

The U.S. Defence Department announced recently that it would be sending more B-26 light bombers and about 200 more air force technicians to aid French Union forces fighting in Indo-China. The number of bombers to be sent is believed to be comparatively small, probably about ten.

* * * * * * *

The Burmese Premier recently declared open the new buildings of the branch office of the United Commercial Bank, a leading Indian bank, which has been doing business in Burma for some years now.

* * * * * * *

The Executive Board of the U.N.'s World Health Organisation has proposed a budget increase for 1955 of 21 per cent over this year's figure. The proposed budget is 10,300,000 dollars, 1,800,000 dollars above the 1954 figure.

* * * * * * *

Britain was trying to find £350 million sterling to invest in the Commonwealth countries, said Sir Jeremy Raisman, former Finance Member of the Viceroy's Executive Council and now Deputy Governor of Lloyds Bank.

* * * * * * *

According to the U.S. Bureau of Census, the U.S.A. exports during 1953 totalled $15,694 million while imports came to $10,877 million. Shipments of military aid were nearly doubled in 1953 and are included in the exports.

* * * * * * *

The U.K. contributed £122,581,667 in loans and grants to the sterling countries of the Commonwealth. This does not include foreign investments not included under the Control of Borrowing Order. The British contribution to the International Bank for Reconstruction and Development includes £5 million to India for the Indian Iron and Steel Co. Authorised grants and loans in 1953 totalled £120 million.

* * * * * * *

The Japanese Government has borrowed £500,000 from London Banks for three months according to reports in London. An equivalent amount of dollars has been deposited in New York to the credit of London Banks.

* * * * * * *

The Egyptian National Production Council and the Demag firm of Duisburg, Germany, are to set up an iron and steel works with an annual production of 125,000 tons to be doubled after two years, in Egypt. The Egyptian Company to run the works will have a capital of £(E) 10 million, 51 per cent of which will be Egyptian.

* * * * * * *

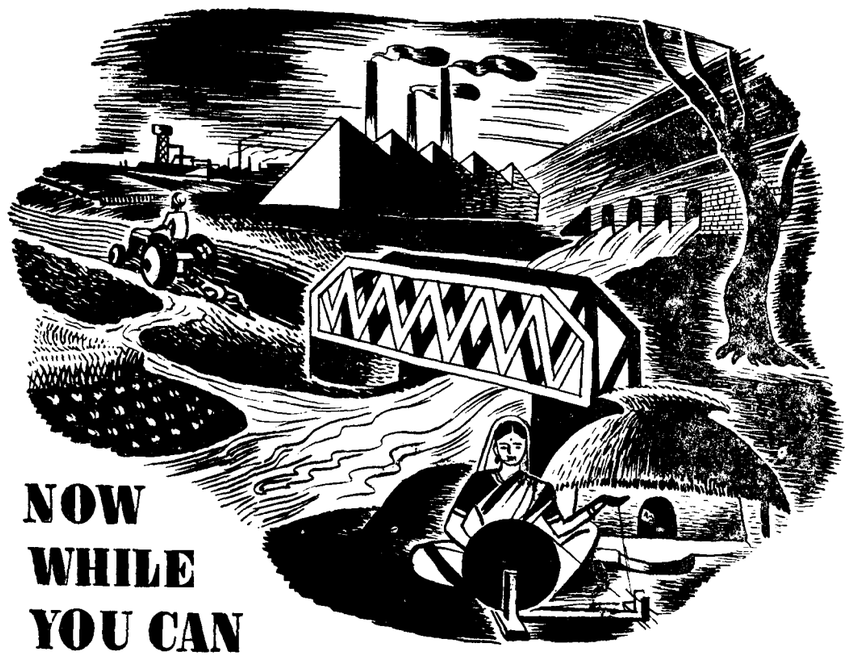
One of the world's largest tin deposits has been discovered on the east coast of South Korea. More than $200 million worth of tin could be produced for exports within the next two years, provided the mines were efficiently developed; the mines contain ores containing 10 per cent tin.

* * * * * * *

In 1953 Canadian exports were worth $4,172.6 million compared with the 1952 record of $4,536.0 million. Imports increased to a new record of $4,387.4 million from the 1952 figure of $4,030.5 million.

* * * * * * *

Large areas of swamp land in Kenya have been reclaimed and turned over to rice production. The rice-growing scheme is run on a co-operative basis under controlled irrigation from a nearby river. The scheme is already producing a surplus of 25,000 bags of rice a year. Rice-growing is being introduced wherever water and soil conditions permit.



NOW WHILE YOU CAN

BUILD YOUR COUNTRY'S FUTURE

Invest in 10-year Treasury Savings Deposits and plant more opportunity in your future. Your investment will be used to finance agricultural and industrial projects, dams, bridges, cottage industries, social welfare services—projects that will benefit every single individual in this vast country.

PREPARE FOR BETTER TIMES

Your investment today will be your standby tomorrow! These Treasury Savings Deposits pay a neat annual interest of 3½% free of income tax. They mature in 10 years and payment of principal is guaranteed. Deposit now and put more opportunity in your family and your country's future.

Invest in

TEN-YEAR TREASURY SAVINGS DEPOSITS

Help India's Prosperity Plan

For further information and/or rules governing these investments please write to the National Savings Commissioner, Gorton Castle, Simla-3 or the Regional National Savings Officer of your State.

AC 511

A Window On The World

EUROPEAN IMPERIALISM IN MALAYA

By

ODYSSEUS

TO FOLLOW CURRENT AFFAIRS is, for most people who have their living to earn, a leisure-time occupation, and few can do more than glance through a small selection of the news columns and editorial comments. Newspapers are, moreover, essentially concerned with new developments and the reader is assumed to know the background. Past history can only be ascertained by consulting reference books and newspaper files, which no normally busy person can be expected to do after a day's work. It therefore behoves persons such as I, whose professional job it is to try to follow the main currents of the news, to offer from time to time a factual round-up of some outstanding contemporary problem.

Malaya, for instance. As long as the cold war lasts, Malaya must continue to loom large in the thoughts of India's policy-makers and of those who try to take an intelligent interest in what is going on in the world around them. What I offer here are a few facts about the Malayan background which may help you the better to appreciate the significance of the day-to-day news from South-East Asia.

Malaya is made up of two separate political entities: the Federation of Malaya (geographically, the Malay Peninsula), 50,600 sq. miles in area (about 4,000 sq. miles less than Assam), with a population of over 5,300,000; and the Colony of Singapore, an island 291 sq. miles in area with a population of over 1,000,000. In the Federation, Malays and other Malaysians number over 2,600,000; Chinese about 2,000,000; and Indians over 500,000. Singapore's population has an overwhelming majority of Chinese who total 808,000.

British influence over Malaya arose out of the expansion of British trading and political power into Asia, particularly since 1819 when Raffles founded a trading station on the uninhabited isle of Singapore. From a small and unpromising beginning, Malaya has been developed into one of the richest corners of Asia. The huge rubber industry springs from a few seedlings sent out from the Botanical Gardens at Kew, near London, in 1877. Malaya is also the world's leading producer of tin, in which £100,000,000 of British capital has been invested.

The prosperity which followed the establishment of these and other industries attracted immigrants from all parts of Asia, so that by 1921, immigrant races outnumbered the Malays. In 1931, Malays numbered only 37.8 per cent out of a total population of 4,347,000. Of the immigrants who made up the rest, the Chinese totalled 39.2 per cent, and Indians 14.3 per cent. Commenting upon this trend the 1931 census said:

THE "ELDORADO" OF S.-E. ASIA

"The peace and security which came to Malaya with British administration; the aid of British capital and enterprise; the industry and economic genius of the Chinese; the labour of the South Indians; the adaptability and social philosophy of the Malays; all these things have conspired to make of Malaya an Eldorado in the eyes of neighbouring peoples. So it comes about that there is a continuous stream of immigrants from China, India, Java, Sumatra, and other parts of the Dutch East Indies coming to seek their fortunes in Malaya, and only a little over half the population is Malay born, and far less than half is in any sense indigenous."

This mixed population has not yet been assimilated into a new Malayan nationality, and there exists some friction and conflict of aims between the communities. To foster integration and to achieve full autonomy are, however, among the official goals of post-war British policy. A study of post-war events in Malaya (as in neighbouring Burma and India) suggests that the British are sincere in these professions, although there are signs of the usual gap between the views of the U.K. government and people and the attitude of some local British settlers. It is, however, worth remembering that what prevails in the final resort are the views of British home public opinion which—as I can vouch for by personal talks with men and women in all walks of society in the past few months that I have spent in the U.K.—is strongly in favour of granting independence at the earliest possible moment to all parts of the Commonwealth which do not yet enjoy it. Any government which tried to uphold an old-fashioned Imperialist policy would be lost in a General Election. The publicity given to the denunciation of the British government's alleged policy of "Scuttle," which arises periodically from a few die-hards in the Conservative Party, bears no relation at all to their influence in the country or, indeed, in the Conservative Party itself.

What, then, delays the advance to self-government in Malaya? Ironically, it is the action of the self-proclaimed anti-Imperialist Communist liberators, which is not only postponing Malaya's August 15, 1947, but is causing the diversion to expenditure on war of crores of rupees which, if released for investment in productive activities, would give Malaya the highest standard of living in Asia.

Who are the Communists in Malaya? What are their aims? Again, ironically, they are not indigenous to Malaya. Nor do they even work in the interests of the Malayans. They are foreigners, mostly Chinese, working in the interests of a European Imperialist power thousands of miles away—the U.S.S.R., which has no concern in Malayan affairs at all, save in so far as its aims elsewhere would be advanced by chaos in Malaya. This is so fantastic that I am relieved that I am pointing it out here to readers who, like me, live in this fantastic world and to whom, therefore, I do not have to try to explain this lunacy. But I should be hard put to explain the actions of the Malayan Communist Party to a visitor from another planet in which national affairs and international relations are guided by reason.

FOREIGN INTERFERENCE IN MALAYA

The emergence in recent years of armed gangs of Communist terrorists in Malaya, with their hard core of controlling Communist fanatics, is the outcome of the policy of the illegal Malayan Communist Party (M.C.P.) which was founded secretly in the 1920's. At that time, Russia's organisation for the spread of Communism abroad—the Comintern—set up a Far Eastern Bureau at Shanghai. Through the agency of the Communist Party, this Bureau directed infiltration into Burma, Siam, Indo-China, and Malaya. Communist ideas met with no success among the Malays but penetrated the schools and craft guilds of the Hainanese section of the Chinese community. Although the movement tried its utmost to recruit members from other races as well, it is a fact that at no time did the M.C.P.

allow any other than a Chinese to become a member of its Inner Cabinet, or of its controlling secret committees. This is equally true of the Communist terrorist organisation which is today holding Malaya to ransom. A statement by a surrendered Malay terrorist broadcast on April 14, 1950, said: "All the plans and the organisation of the Chinese Communists are kept secret to themselves. Not even a small part is explained to us Malays. It is as if our eyes were shut and our ears were stopped. What the Communists say is different from what they really mean. In discussion among the bandits, we Malays only hear. We cannot express our views or in any way oppose the Chinese. In the jungle, we Malays have to fend for ourselves, while the Chinese bandits look after their own people only. As regards weapons, there has been an even greater difference. The Chinese bandits have taken the best weapons for themselves and we Malays have been given what is left over."

From its inception, the M.C.P. was a subversive organisation and, being proscribed, worked underground. At every stage of its development, it was predominantly Chinese. Its members, mostly immigrants, had no loyalty to Malaya, and the founders of the Party worked with the unquestioning dogmatic mysticism common to Communist agents in all parts of the world. In the period between the two wars, the M.C.P. grew steadily in strength and penetrated certain sections of the labour forces. To prove its orthodoxy, the Party had a fashionable purge in 1930 followed by a reorganisation, but by 1937 it was strong enough to take a major part in fomenting a wave of strikes. In China, during the same years, a truce was called between the Kuomintang and the Chinese Communist Party in order to form a united front against Japan. In Malaya, the M.C.P. was thus enabled, under the guise of patriotism, to form "anti-Japanese" groups among sections of the Chinese population, such as the Kuomintang group, which had no Communist sympathies. By the end of 1939, the M.C.P. was an experienced underground organisation, utilising its power to foment among the Chinese community in Malaya a series of violent anti-British outbreaks. Early in 1940, the Kuomintang group, realising that it was being used by the M.C.P., withdrew its support and denounced the Communists.

I propose to conclude these notes about the Communist Party in Malaya next week.

THE EASTERN ECONOMIST

(Subscription Rates)

	Payable in advance India	Foreign
	Rs.	Rs.
Annual	50	66
Half-yearly	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9|- per year.

Foreign air rates on application. Offices in New York, London, and Tokyo.

Manager,
THE EASTERN ECONOMIST LTD.,
52, Queensway,
NEW DELHI.

Busy men all over the world have come to rely for guidance on weekly journals; they find the kaleidoscopic changes in national and international affairs too rapid and too deep for daily newspapers. Those of discriminating taste choose periodicals which deal with the countries and subjects in which they are interested.

THOUGHT

has earned distinction among Indian journals for its foresight and sober judgment in the nation's political, social and cultural affairs. It has built up a pool of original writers and critics who comment on events with a rare insight and balanced judgment.

THOUGHT's opinion on national and international affairs always claims the ear of responsible persons and organs of public opinion.

Subscription rates:

	ANNUAL	SIX-MONTHLY
Inland	**Rs. 12-0-0**	**Rs. 6-8-0**
Foreign: For ordinary sea mail edition	**$1.10**	**17/-**
	$5.00	**$3.00**
For Air Edition:		
EUROPE	**£3.17**	**£2.00**
AMERICA	**$12.00**	**$6.50**
ASIA	**£3.10**	**£1.17**

THOUGHT
35, Faiz Bazar,
DELHI-7
India

BOOK REVIEWS

THE FAILURE OF A MISSION?

Ambassador's Report: By Chester Bowles: Harper and Brothers, New York: $4.00.

Mr. Chester Bowles' report on his assignment as the United States Ambassador in New Delhi which has just been published in New York will naturally awaken the widest interest in India. There has seldom come from a foreign observer so understanding an assessment of Indian psychology and policy. Not a little of this understanding has come from the penetrating manner in which not only Mr. Bowles but his entire family entered into the Indian scene. Section II described as "Home work" has some chapters on history in India which show how well historical background has been absorbed. The Ambassador himself claims to have travelled 60,000 miles in India although he notes with regret that he has still left out some important places such as Banaras. Mrs. Bowles learnt Hindi and could carry on conversation in this language, being perhaps unique amongst the wives of foreign ambassadors in New Delhi. Mr. Bowles' daughter, Cynthia, worked in a hospital just outside Delhi and it is mentioned that she even decided to stay on for a few months after her parents left, preparing to spend the hot months in India rather than depart from her friends and her work. There is no doubt that the departure of the Bowles was a great personal wrench which is not adequately described in the chapters at the end.

This is a sincere book, which must reiterate the view that has been held in India that Mr. Bowles' job in India was not, as some of his critics maintained, a powerful publicity campaign. It is quite true that he brought to his task all the instruments of imaginative publicity which he had developed in abundance in his work with Benton and Bowles. It is quite true also that these instruments have not always succeeded in India. There were many people who disliked them and who were not drawn to the Bowles as a result of their dependence sometimes upon them. But, by and large, the task that was performed was far greater than the instruments which were used. As a friend of India, as an interpreter of India's foreign policy, as the one American diplomat in recent years who has been able to establish warm personal relations with the Prime Minister, Chester Bowles' record is unique.

In the long run, it will not be because of his personal contacts that his name in India will endure. It will be primarily because of the conception of community projects, which owes everything to his imaginative drive. The chapter "Community Development—A Key to Village Asia" tells only a little of the story of India's debt to this man. To appreciate it fully one has to imagine the opposition which arose in the American Congress; while Mr. Bowles was making himself more popular in India he was by no means making himself popular in the United States. A cartoon by Herblock in "The Washington Post" which is reproduced on page 346 of this book and which appears below indicates trenchantly the character of this opposition.

The chapter on "Role on Foreign Aid" contains ten sentences which sum up in a nutshell a policy for the United States. These ten commandments read as follows:

1. Neither small-scale "technical assistance", nor indiscriminate giveaway will suffice.
2. Free Asia's handicaps in its competition with China should be a yardstick for Western aid.
3. Private capital should not be expected to play a major part in the early stages of world development.
4. Economic conditions should be attached to our aid.
5. Regional planning and participation should be increased, as far as practicable through U.N.
6. Economic and military aid should be kept as parallel but completely separate programmes.
7. Non-governmental groups should be encouraged to undertake their own projects.
8. Point Four people should be carefully selected and trained.
9. Not mere anti-communism but building strong democracies should be our main emphasis.
10. We should act boldly while the initiative is still ours and not wait for a crisis.

Will the United States treat these commandments as the Tables and the Law? If it did, her relations with India would certainly improve; article 9 in particular has, after Bowles, appeared in India to be on the wane.

"I Ain't Interested in Countries Till They're Lost"



Herblock in The Washington Post

BURMA'S CURRENCY AND CREDIT

Burma's Currency and Credit: U Tun Wai: Orient Longmans, 17, Chittaranjan Avenue, Calcutta: Price Rs. 10.

"The publication of Dr. U Tun Wai's book on Burma's Currency and Credit", says Hla Myint, Lecturer in Colonial Economics, Oxford University, in his foreword, "is something of an event, for it is the first systematic work on Burmese economic affairs written by a Burmese". This is, perhaps, the greatest merit of the present work which brings together in a central place a vast amount of information on the trade, currency and credit of Burma. The author, who is at present working in the Research and Statistical Division of E.C.A.F.E., has been able to draw on the resources there also although the work was originally written as a doctorate thesis for Yale University as far back as 1949.

Opinions may well differ as to the most interesting portions in the book. But, for Indian readers, the chapters on foreign and agricultural banking in which the Chettiars of India feature predominantly will be of special interest. On pages 51, 52 and 53 there will be found some unusual figures about the lending operations of the Chettiars in Burma. The fact that 940 out of the 1,100 district Chettiar firms had their offices in the 13 main rice-growing districts of Burma shows the extent to which rice prevailed in Chettiars' trade. It is, however, a great mistake to equate the Chettiars' banking influence with the trade in rice, and the chapters on the Chettiar rate of interest (for which a graph is available on page 151 for the years 1895 to 1940) indicates the powerful financial position exercised by this rate. Because of the interest attaching to this rate, the description to be found on page 47 in regard to the fixing of the rate on called deposits known as "Nadappu—Kamakku" is of special interest. It reads as follows:

"It is fixed in the evening of the 16th of every Tamil month at a meeting held at 9 p.m. in the Chettiar temple at Rangoon, and it holds good for all the current Chettiar month including the sixteen days already passed. . .The meeting discusses the general financial situation, and fixes the current rate for the current month in accordance with this, taking into account the current pitch and tendency of the thavanai rate, the rates current amongst the Marwaris, Multanis and Gujeratis and the rates for advances by the joint-stock banks to Chettiars. As every firm has both income and expenses determined largely by this rate, great care is taken to fix the rate according to the needs of the situation. But for the first sixteen days of the month, before the rate is fixed, there is a general consensus of opinion as to the rate that will be fixed, the weekly adjustment of thavanai rate and the discussions incidental to that adjustment being sufficient guide."

It would seem that Chettiars in Rangoon fixed an Indian rate there not unlike the Bank of England rate which is announced every week when the Governors of the Bank of England meet in secrecy at London.

This is a remarkably valuable descriptive work which is essential for any economist or economic historian assessing the current Burmese scene.

LAND REFORMS IN INDIA

Land Reforms in India: H. D. Malaviya: Economic and Political Research Department: All-India Congress Committee, New Delhi: Price Rs. 3|-.

The general impression conveyed to most outside observers about the question of land reform in India is that not sufficient progress has been made. The comparison is often made with the reforms effected under high pressure in Japan under the occupation. Almost the bulk of Indian post-war legislation for land reform relates to the abolition of the rights of the intermediaries, by whatever name they were called in each region. It is felt that there is much to be done for the regulation of conditions of tenancy and for the limitation of the size of holdings in order to find land for the landless. Even then, there would remain the task of creating economic holdings by consolidating fragmented holdings and encouragement of co-operative farming methods. But the data for giving concrete shape to all these discussions are still lacking; it is not often known that the owner-cultivator is the predominant type of agriculturist and that the landlessness of the agricultural workers is more a problem of population density than one of concentration of land-ownership. Only a census of landholdings, as now proposed by the Government of India, would provide the factual basis for formulating future policies.

The survey of land reform in India published by the Research Department of the A.-I.C.C. does not attempt to analyse these larger issues of the problem. There has been a useful compilation of the steps taken in all the States till now for the abolition of intermediary rights. The brief description of the tenure involved in each case and the principles underlying reform in each case would be helpful. For a few States, like Punjab and Madras, statistical data available about the size of holdings has also been furnished. But the book is essentially an account of the achievement of the Congress Governments in the States. The introductory chapters, which trace the history of the Congress Party's interest in agrarian reform, are intended to lead up to the actual record of the Party in fulfilling past promises. Since the agrarian programme had been shaped by the Congress Agrarian Reforms Committee, any further analysis or discussion of the problem with a view to throwing fresh light was, perhaps, not to be expected. Even when credit is given for the information here assembled, the book has to be viewed as a record of party achievement than a positive contribution to the understanding of the land problem as it has to be tackled in the future.

CULTURAL FREEDOM

Proceedings of the Second Annual Conference of the Indian Committee for Cultural Freedom.

It was a happy thought for the Indian Committee for Cultural Freedom to publish in a single small volume the proceedings of the Second Annual Conference held at Madras on September 12 and 13, 1953. This publication contains a small foreword described as "A Step Forward" which shows the substantial progress that Indian Committee has made already. There follows a welcome address by Mr. M. Bhaktavatsalam, Chairman of the Reception Committee. The inaugural address, "True Freedom", by Rajaji and Dr. Sampurnanand's presidential address on "The Neuroses of the Indian Intelligentsia" have both attracted wide attention and together form a consistent piece, showing that the Indian Committee for Cultural Freedom has much more to say for itself than mere anti-communism. The resolutions to be found on pages 31 to 35 also illustrate the wide interests of the Committee.

It seems a pity that such urgently needed enlightened work should not receive the encouragement which is its due. On page 70 it is stated that the total membership of the Committee stood on August 25, 1953, at 495; Bombay with 204 and Madras with 102 comprise two-thirds of the members. Delhi and New Delhi have only 11. One wonders why Delhi and New Delhi gave such a poor showing. It is urgently hoped that this omission will now be made good; there are three members of the Executive Committee resident in Delhi.

PRESS CUTTINGS

YOU CAN BE AHEAD OF YOUR COMPETITORS in your industry or trade by keeping abreast of the latest developments.

Subscribe to our "Press Cutting" service and we will send you regularly cyclostyled news extracts from the leading English dailies and weeklies in India and Pakistan on Textile, Jute, Tea, Coal, Sugar, Leather, Rubber, Automobile, Tractor, and Machinery Industries, or any other specific subject you are interested in.

For further details:

INDIAN PRESS SERVICE

Post Box No. 1632, DELHI.

A DELHI DIARY

IS brevity the soul of wit? If so, the President's address to Parliament on Monday was the best of its kind. It is, as far as I remember, the shortest address which he has ever delivered. It was, however, I might say, the most tame from the point of view of the interest which it aroused. There was not even a direct reference to the United States Military Pact with Pakistan, about which so much has been heard from both official and non-official sources. All the President said was that past understandings between the Indian and Pakistani Prime Ministers have suffered a set-back "owing to some other developments". And thus this Indian equivalent to the British Speech from the Throne did not even have the comforting sentence that our relations with foreign powers continued to be friendly.

It was not surprising that interest passed rapidly from the President's address to other things. The House of the People on Tuesday, sedulously avoiding the President's address, got itself heavily involved in a discussion on Ordinances. Some Members of Parliament (keen on arithmetic!) had carefully added up the President's Ordinances in recent recesses. They discovered that there had been seven Presidential Ordinances in the last recess and six in the recess before that. Such a flow of Ordinances, it was said, "brought the House into disrepute" and was an "overgenerous use" of Article 123 of the Constitution. Actually, it was not so much the number of Ordinances which hurt as the fact that tempers on the Kumbh Mela had been aroused; the Ordinance imposing a terminal tax on Kumbh pilgrims was conveniently broadened into an attack on a wider front. There was, indeed, no justification for this Ordinance because the Kumbh Mela had been (or should have been!) foreseen, and the complaints are certainly justified that Government should not have bypassed Parliament in this manner. The Finance Minister made as effective a reply as was possible, referring incidentally "to the one hundred and one pre-occupations of the Government". This burden argument—the White Man's or the other kind—failed, as always, to carry conviction. We shall hear more of the Ordinance-making powers in this session. There is no doubt that feeling on this point is widely shared.

THE THIRD TRAGEDY?

That the trouble was the feeling on the Kumbh Mela was shown clearly enough when the debate on the President's address opened on Wednesday. The United States-Pakistan Pact did get in by the back door when Mr. N. C. Chatterjee, the Hindu Mahasabha leader, was pleading for more military training; but there was no doubt that interest throughout the day lay elsewhere. Acharya Kripalani, the Praja-Socialist leader, was in good form although Congress members heckled him and Mr. N. C. Chatterjee described his speech as "the third tragedy"—the first two being the collapse of the administration resulting in the "colossal loss of human lives", and the second being "the amazing explanation" given by the Chief Minister of Uttar Pradesh that he came to know of the tragedy only late in the afternoon, some time after he went to a tea party held that evening.

What was so tragic about Acharya Kripalani's speech? He claimed that many people who went to the Kumbh Mela did not believe in purificatory baths. With dignity he said: "We do all this in an effort to make ourselves popular with the masses so that they may keep us in power. And because we do these things without faith, our efforts fail as miseraly as they failed at the Kumbh Mela and the country is plunged in gloom". Was I imagining, or did this utterance really enter deep in the minds of many members? Certainly I felt that the opposition leader struck a responsive chord in the entire House.

PAYING THE PIPER

There really was no necessity for so many "VIP's" to be present at the Mela. If they went as pilgrims, they went in the wrong way, receiving precedence which in no way belongs to them in their personal capacity. If it was merely the fun of the fair, there is no reason why State revenues should bear the cost of their transport there. The President of the Congress was certainly entitled to be present as were leaders of all parties to see for themselves the springs of deep public opinion. But if leaders of political parties go there for political reasons, the expenses of travel should not be borne by general revenues. I seem to remember the instance of a firm Auditor-General who disallowed travelling allowance claimed by a (forgotten!) Viceroy who went to Bhopal for a shoot and then claimed he had also done some official business with the Nawab. The Auditor-General (so the happy story goes) battled his way to the Secretary of State and won his point. The Viceroy had to pay for his amusement out of his own pocket! It is sincerely to be hoped that the Auditor-General of India will issue instructions that journeys to the Kumbh Mela, except for officers on duty, will not be accepted as a charge on public revenues. It is absolutely wrong that public revenues should finance trips undertaken even partly from political considerations. After that is done, perhaps the best thing is to draw down the curtain on the Kumbh affair. That act is finished. Let us get on with the next!

THE STEEL LOBBY

The decision to locate the new Steel Plant at Rourkela in Orissa rounds off the fierce controversy the embers of which gave forth some heat over the week-end. On Saturday and Sunday, lobbying was at the highest point that it has reached since Independence. There were no less than four Chief Ministers here arguing their respective cases. The Cabinet meeting which was held on Sunday evening lasted two hours without (apparently!) having the slightest effect on this decision. One does wonder whether it was wise (as well as diplomatic!) to summon the Chief Ministers here for proceedings which obviously were not a little in the form of play-acting. It was not seriously believed that the recommendation of the German technicians would be altered; was all the expenditure involved in this expensive journeying back and forth for the Chief Ministers and their significant retinues really necessary? In the case of Dr. B. C. Roy at least events this week seemed to indicate that the time spent here might have been more profitably spent in Calcutta!

WANTED: ANOTHER AMBASSADOR'S REPORT?

There have been many interesting visitors to New Delhi this week among whom was Mr. Loy W. Henderson, formerly American Ambassador in New Delhi and now American Ambassador in Iran. Mr. Henderson did much to get the Wheat Deal through and it seems a great pity that his great work in getting the idea of American aid to India accepted in the United States is insufficiently known. It was clear, however, at a reception which Mr. Allen held for Mr. Henderson that there was a small group of people who knew that story. Can we not have another Ambassador's Report?

ARGUS.

SPECIAL ARTICLES

SCHEME FOR THE SALES TAX

THE communique which has just been issued by the Government of India regarding sales tax announces a certain measure of interim relief. This relief has been possible because the officials' committee on sales tax, which has been appointed by the Finance Ministers' Conference, has been mainly concerned to simplify and standardise the procedure for the assessment of non-resident assessees. But, obviously, this is no final solution, and the officials' committee has not by any means concluded its labours. As the Finance Minister indicated in a recent statement at Madras, the question of changing the present basis of taxation in all the seventeen states or of amending Section 286 of the Constitution has on the other hand been under consideration. In due course, which is a pretty vague phrase, but which, in the circumstances, is all that the Central Government can promise, either a switch-over to a new scheme of taxation, namely, to a purchase tax within the existing ambit of Section 286, or failing that an amendment of this Article itself, will have to to be considered.

The fountain and origin of all the present confusion is a faulty drafting of Article 286. Clause (2) of this Article, which was believed to exempt inter-state trade within India from sales tax, stands excluded from the Constitution for all practical purposes, as a result of the explanation to clause (1), which enables an inter-state sale to be taxed constructively as a sale taking place within the state of dèlivery. The situation which has thus been created is certainly anomalous.

Whatever the Constituent Assembly might or might not have intended, two things today are clear. One thing which is clear is that, paradoxically, the states cannot be dissuaded from taxing the sales which have taken place outside their borders. The conditions on which such taxation is levied can be made less irksome, which is the main achievement which the recent communique sets out. But no state will be willingly ousted from exercising the powers which the Supreme Court has permitted it to exercise. The other thing which is also now clear is that the states are not going to agree to any amendment to Section 286, which would seek to simplify it at their cost. It is a moot question whether the necessary majority will be available within Parliament for any amendment which goes against state interests.

The simplified, but fashionable, view that centralisation of the sales tax is the remedy, because under centralisation all the complications are going to disappear, fails to take into account this central difficulty. In the ultimate analysis, the Congress majority at the Centre can, perhaps, carry out an amendment to the Constitution, overriding the opposition of all the states. But that possibility seems unlikely. The states, therefore, will have to be converted and not coerced at this stage, especially as they have now agreed to the concessions proposed by the officials' committee.

The Centre's proposal of a purchase tax, in order to partially replace the sales tax, is a remedy which will enable the states, in these circumstances, to get clear of the legal tangle, which has been created by the present interpretation of Article 286. It is not impossible to start again on a clean slate. Compared with the present irksome and inconvenient sales taxes (these taxes incidentally are inconvenient not only to the public, but also to the taxing authorities themselves, for the states are now coming up against the administrative problems involved in taxing non-resident assessees) the scheme for a purchase tax offers two very great advantages even if it is confined only to the taxation of inter-state sales.

The states will be enabled under the new scheme to tax the purchaser-resident, rather than the seller-non-resident, which, as the existing assessees who have lately been brought within the ambit of Article 286 can appreciate, should considerably simplify administration. The Centre for its part will also be enabled at the same time to act (within the exercise of the powers conferred on it for the purpose of regulating the taxation of essential articles) in such a manner as to minimise the deterrents to inter-state trade.

These two advantages are in fact of considerable value. In proposing a new scheme, under which they will be available, the Centre has, moreover, some bargaining strength still left which it will find useful in negotiating with the states. For one thing, the extreme remedy of centralisation is not now being pressed. Not even formal amendment of Section 286 for any other purpose is now involved. The states will, on other hand, continue to retain the major gain which the Supreme Court's interpretation has conferred on them, namely, the power to tax an inter-state sale, at the point of delivery, in accordance with the intentions of the explanation in Article 286(1). In return for freezing this substantial gain, which would retain within the states' list the units' powers to tax virtually unimpaired, administrative simplicity on the one hand and the smooth flow of inter-state trade on the other are the two advantages now proposed by the Centre, according to the view which it now holds. The quid pro quo which is sought is obviously small.

These new proposals will not cost much to the states. Since the entire basis of taxation will be changed according to these proposals, it is naturally impossible to say whether the position will be totally unaffected, but to the extent that the changeover to the new basis actually involves any cost to the states, a proper appreciation of the role of the sales or purchase tax in a developing economy may help to reconcile the states to the new scheme. It is necessary at this stage that there should be no misunderstanding on this point.

The sales tax, or the purchase tax if it replaces that, can only be a very crude instrument of taxation. It is not, in the first place, a satisfactory substitute for the direct taxation of consumption through the taxation of personal incomes. It can be argued, indeed, as it has been argued by the Finance Minister of Madras, that so long as the aim is or has to be to claim a certain amount of tax, to be used for purposes of development, it cannot very much matter exactly how that amount of tax is levied. But this argument hides a dangerous fallacy; there is, in point of fact, a great deal of difference between on the one hand taxing an essential commodity and expecting the tax-payer to readjust his budget, and on the other taxing his income more directly; it cannot always be assumed that the effect in the two cases would always be the same. The sales tax or purchase tax, moreover, is not adapted for purposes of progression. It also falls inevitably on particular sections of the community, on those who purchase from traders who are not within the exemption limits. It is to that extent inequitable; and obviously, there can be no uniformity in these taxes as between the various parts of India.

For these reasons, neither the sales tax nor the purchase tax is really a desirable source of revenue to develop, in preference to other taxes, which are inherently more equitable. In considering any arrangements in relation to these taxes, which the Centre may now propose, it is important that the states should be educated to consider the issues which may arise in this wider perspective.

If they do so, there is hardly any doubt that order may yet be evolved out of chaos; and a tax, which promises to become vexatious and unpredictable in its consequences, can be regulated so as not to impede national development. This last-mentioned criterion is now important, so that the action which the Centre now proposes to take under Article 286(3) of the Constitution must be far-reaching and well-considered and should, generally, be so liberally conceived as to reduce the import and significance of the interpretation which has made clause (2) virtually a dead letter. The arrangements which have been announced in the recent communique show that co-operation among the states is not impossible. The time has now arrived when that co-operation should become meaningful.

UNEMPLOYMENT AND PLANNING

WHILE there is a lull in the great parliamentary debate on the nature of unemployment in the country, which occupied much of the private members' time between August and December last, many doubts have now crept into the minds of those who have thought of the deeper economic implications of the disease and the remedy. The feeling of assurance that characterises the attitude of the Government and the Planning Commission, because of the expansion of the outlay cannot be only a gesture of the deep interest employment, cannot naturally be shared widely. This outlay cannot be only a gesture of the deep interest of Government in this problem; its justification as a solution has been apparently unconvincing. There has been greater interest in the analysis of the economic aspects of the problem and recently Prof. D. R. Gadgil was reported to have raised some of the more important issues before a gathering of economists at Bombay. The problem that was posed there was which of the several types of unemployment that can arise in the context of the Indian economy could or should be directly solved by the Government through the Plan, consistently with the other objects and purposes of development planning. In the course of the discussion, some at least of the issues were framed in a manner which should help to provoke thought on the right lines.

There has been quite a needless debate over certain aspects of terminology. It has been clear from the outset that there can be no attempt to provide short-term solutions to the problem of underemployment in agriculture which is inseparable from the fact of the dependence of 70 per cent of the population directly on cultivation of the land. The provision of irrigation, better methods of agriculture and credit facilities can, however, reduce this underemployment and increase incomes in this sector so as to arrest the decline in the economic condition of the surplus labour force engaged in or dependent on agriculture. This applies to all the groups engaged in this sphere of activity—whether it is the average owner-cultivator, or tenant farmer or landless worker. Though the last-mentioned group constitutes the most vulnerable section of the rural community, the question of direct short-term relief will arise, as it has arisen frequently in the last few years, only in times of distress created by drought and crop failure in particular areas. Such relief, however, cannot be truly described as a remedy for unemployment under a system of planning for economic development. In other words, a solution to the widespread underemployment in agriculture can only come through an increase in the area of land per head among those dependent on agriculture. Since land is limited, this can only be achieved by the growth of non-agricultural occupations on a scale sufficient to absorb the surplus labour in agriculture.

All this is familiar. But by ruling out this major section as not directly concerned in unemployment measures, the question naturally arises whether unemployment only pertains to the two other major groups in the economy, namely (1) the class of employees in non-agricultural occupations including industry, public administration, commerce and other professions, and (2) the numerically equal group of self-employed persons, working as artisans, in transport services, in retail trade and in various other skilled or learned occupations. The creation of more employment opportunities in the first sector alone is no solution as it can still leave the second sector with a low level of activity and incomes and consequently in distress. There can be no satisfaction in such a result because the self-employed group is as important as the other. Thus the consideration of the problem according to the several sectors creates a dilemma. Prof. Gadgil logically reached the conclusion that the problem in India is not one of a fall in total employment due to a recession as it is known in the advanced countries but one of general underdevelopment which can be solved only by more and more development, designed to increase the per capita product. Here, however, we face a further complication that the technological consequence of planning for higher per capita output levels through higher labour and capital efficiency might be to create unemployment in the least efficient sectors, just as the cotton-weaving mills have created a problem of lack of occupation and income among the handloom weavers. The question whether there should be a compromise or not at this stage to maintain the employment of handloom weavers as part of the scheme of expanding employment under the Plan raises a question of consistency in planning for long-term economic development.

These are some of the difficulties inherent in planning for development in an underdeveloped economy. Modern economic theory has gradually taken into account the distinctions to be made between policies designed to maintain full employment in the advanced countries of the world and for economic planning in a backward economy. The maintenance of full employment in the developed countries is assumed to create all the conditions necessary for long-term economic progress. It cannot be so in the other case. The rate of population growth is one of the factors which makes a major difference. Even if there is full employment at a low level of technical efficiency, a steady reduction of the death rate, for example, makes it difficult for the younger generations, added to the working force year after year, to find scope for employment by replacing those already engaged in various occupations, and new occupations do not multiply at the rate required. The Indian situation at the present time is rather typical of this feature. It cannot be said that unemployment is due to a recession in the sense of a general decline of the volume of industrial or tertiary employment or of a substantial fall in the activity of the self-employed.

Part of the difficulty in reconciling the position may be due to the argument, advanced by the Finance Minister, that the volume of unemployment, together with the advent of the buyers' market, may indicate an economic recession, which may be appropriately dealt with by monetary measures. The scope for the success of purely monetary techniques is not, however, as large as in the major countries planning for full employment; the Finance Minister has only claimed that the higher level of expenditure under the Plan envisaged in the next two years will make a material contribution to relieving the unemployment situation. There can be no denial of the general proposition, that the relevance of short-period income analysis diminishes in the underdeveloped economies. Prof. Rostow, among

others, has lately emphasised that unemployment as a structural phenomenon calls for attention not only to the level of effective demand, but also to the nature of such demand, the skills available in the unemployed working force and its physical location and mobility, and planning of the disposal of the products turned out, if costs also happen to be high (as they are in India). But even when allowance is made for all these factors, there would be marginal scope for maintaining economic activity at a high level by creating effective demand. It has to be remembered that the Indian economy is at an intermediate stage of development calling for a combination of the techniques employed in both the advanced and underdeveloped economies. A decline in employment can yet be checked so long as the total effective demand is kept up to enable, for example, the consumption of both mill-made and handloom goods.

The justification for the expansion of the outlay on the Plan is not only that the effective demand will be kept up but also that the proper social background necessary for all successful planning will be safeguarded. It may provide the environment in which structural changes in the economy may be carried out; even if it does not, so long as the character of the expenditure is such that it becomes an investment in human beings if not in material resources—through more education, scarcity relief, better health, roads and so on—the value of the programme can be vindicated. If the general environmental aspect is thus taken into consideration, the question as to which particular sector is benefited becomes immaterial. Actually, it is those sectors in which unemployment can disturb the environment of planning that should claim the first attention. It would, therefore, be incorrect to proceed to the view that because the educated youth and the urban industrial sector constitute a small fraction of the total unemployment in the country, measures directly calculated to benefit these groups cannot be characterised as policies to remedy unemployment. The general political and social climate cannot be overlooked in economic planning; the measures can have the further justification that they can contribute to the long-term development also, because they will attempt to develop those sectors which will eventually help to absorb the surplus in agriculture.



THE JOURNAL OF INDUSTRY & TRADE

English monthly of 120-150 pages issued by the Ministry of Commerce & Industry, Govt. of India.

Read for

Special Articles on Trade and Industrial Topics - Highlights from Trade Commissioners' Reports - Comprehensive Indian and Foreign Commercial News - Industrial and Trade Statistics - Reference Section containing Texts of Trade Agreements, Import and Export Control Announcements, Important Legislative Measures, Etc.

Indispensable to Industrialists and Traders

SINGLE COPY: Re. 1|- ANNUAL SUB: Rs. 12|-

Excellent medium for advertisement

Wide and influential circulation at home and abroad

Address inquiries for subscription, advertisements and agency terms to

THE EDITOR, PUBLICATIONS, MINISTRY OF COMMERCE & INDUSTRY, GOVT. OF INDIA, NEW DELHI.

THE BUSINESS WORLD

REPORT ON MACHINE TOOLS

The seventh annual report of the Indian Machine Tool Manufacturers' Association has borrowed somewhat heavily from the report of the Planning Commission. Nevertheless, it makes one or two important points. The programme of development which has now been prescribed for this industry is much less ambitious than was contemplated in the Panel report. As the annual report points out, even this limited plan, however, is not likely to be realised, if the sense of crisis which has overtaken the industry continues to persist.

It may appear prima facie that the target set up by the Planning Commission is not too ambitious in the light of experience. The table below summarises the annual production of graded machine tools during the last eleven years:

1942	273
1943	1,713
1944	2,170
1945	3,699
1946	2,820
1947	1,400
1948	1,691
1949	2,240
1950	1,130
1951	2,834
1952	4,488

The Planning Commission's target of production of 4,600 machine tools by 1955-56 and the private investment of Rs. 20 lakhs cannot be difficult because there are fourteen producers excluding two manufacturers of auxiliary equipment and 105 producers of ungraded machine tools already in the field. The industry, however, is worried about some major problems.

One is prejudice against indigenous machine tools. The Association records the development work that was done during the year by half a dozen members, but the demand from the Railway workshops and ordnance factories is neither steady nor certain. The Machine Tool Panel of the Engineering Capacity Committee has now recommended:

(i) standardisation of sizes and types of general purpose machine tools and publication of a standard classified list,

(ii) inspection not only for geometrical accuracy, but also for purposes of reliability in working,

(iii) supply of information to the industry regarding the machine tool requirements of state factories, but something like a vicious circle—prejudice against the indigenous product leading to low production and lack of opportunities for standardisation as well as the higher cost of the local product—exists at present and will have to be broken before local production can improve in quality and quantity.

The other serious problem which faces the industry is competition from the Jalahalli factory. Starting from some time during this year, the Hindustan Machine Tools, Limited, is to produce 400 lathes of 8½" as the first part of its production programme. The industry has two observations to offer on this immediate production programme, namely:

(i) the assumptions that private industry cannot produce lathes of 8½" size or that the quality of such lathes, if produced by private industry will not be good will be unwarranted, and,

(ii) the official estimate of the total demand for machine tools, a figure as high as Rs. 10 crores being mentioned, is inflated, and if plans are based on this estimate, overproduction, which may be disastrous for private industry, which cannot market its products as easily as can the state factories, is bound to result.

The uncertainty that faces the industry is great and it may well inhibit development. Assessed capacity of the fourteen manufacturers of graded machine tools will apparently continue to be what it now is or may even increase, but actual production is bound to be affected.

The only way of helping private industry at the present time to overcome its fears and to reduce at the same time the admittedly higher cost of indigenous machine tools will be so to regulate imports or to restrict the production at Jalahalli that the established manufacturers have a steady and expanding market. It may not be advisable to restrict production at Jalahalli as the easiest way out of the difficulty—this would merely transfer the problem from the private to the public sector. If the Railway workshops and the ordnance factories shed their prejudices, however, if a common sales organisation which will do propaganda and offer technical sales service can be created, and if standardised and quality products of local origin are preferred to imported articles, it may be possible to build up the industry as general development increases the demand for machine tools. As it is, the private manufacturers seem to be in danger of being neglected and it is to this unintended result of the present development plans that the Machine Tool Manufacturers' Association has drawn attention.

INDUSTRIAL STATESMANSHIP

By

CROESUS

Peter Drucker, a noted American journalist, recently wrote in "Nation's Business", that "competent management and consideration for the individual are the basic reasons for the success of industry in the U.S.", according to members of several productivity teams that visited the U.S. in 1949 and the following years to find out for themselves, at first hand, what influenced American productivity. Can we say that these twin requirements will do for industry in a country like ours which is still in the process of becoming industrialised? They won't do not only for India, but for mankind as a whole, according to Col. L. Sawhny, Managing Director of the Associated Cement Companies, Ltd. "The industrial pattern of today", he said, "must be one in which the endeavours and ambitions of men are so co-ordinated as to produce a driving force that will consolidate industry in an accepted place in the new society which mankind aims to achieve. This will only be when management is able to guarantee an efficient and successful industrial community in which men may work willingly and live abundantly". In the considered opinion of this ex-army man, "the success or failure of industrial management will be judged by the extent to which it is able

to identify itself with this national aim (that is, the establishment, as speedily as possible, of a Welfare State) and to prove, by its actions and policies, that it can champion the hopes of those people who, in working for industry, are striving to achieve security and well-being".

I do not think that even the worst critics of private enterprise (let alone our Government which professes "mixed economy" but, oftentimes, manages to forget that this concept envisages the co-existence of units run by both State and private enterprises alongside each other within clearly defined spheres), will be able to impose more exacting criteria to judge the success or failure of industry. Col. Sawhny does not stop even there. He wants that the activities of the private sector should not only conform to the overall national policy but that the policy of private enterprise must be based on a few sound and well-tried principles. It must, for instance, "satisfactorily fulfil certain conditions and it must guarantee to produce certain results". And, "apart from the provision of material goods and benefits", he insisted, "it should also be rooted in the spiritual and psychological fabric of Indian life." This is, indeed, strange, coming from an old timer of the army, where, according to popular belief at any rate, there is no place whatever for spiritualism. Be that as it may, in having called for this spiritual mooring, Col. Sawhny showed an unusual awareness of the characteristic genius of India. It is because modern life, be it in industry or in any other sphere, is becoming increasingly divorced from this spiritual mooring that people often find themselves tossed about in rudderless boats in deep waters. He did not say that one should regard one's duty as a form of worship by a devotee whose prayer is not sullied by thoughts of any reward, as the 'Bhagavad Gita' would have it, but the idea underlying his exhortation—that "industrial policy should inspire its work people to loyal and harmonious effort in the secure faith that their endeavours are contributing towards the betterment of society"—is no less sublime. If only our industrialists and labour leaders succeed in making workers realise that, in addition to themselves, they also owe a duty to the community at large, they will have really achieved something very great. "Unless this spiritual foundation forms the basis of industrial policy", as Col. Sawhny put it, "it is in danger of being dominated by the motive of materialism and, when this occurs, industry finds itself back in a position which has been rejected as having no place in our new world of enlightened values".

All this must have sounded highly philosophical to those Labour and Welfare Officers who met at Madras on February 12, in connection with their Second All-Indian Conferences. (Col. Sawhny presided over the section dealing with the Functions of Management and Management Training of this Conference), but what Col. Sawhny had to say after imparting this refreshingly welcome reorientation to an otherwise humdrum subject was "of the earth earthy." For, after stressing the need for a spiritual basis in evolving an industrial policy suited to the genius of the soil, he developed his thesis of industrial statesmanship. It is difficult to think of a more happily worded phrase to convey the substance of what the A.C.C. Managing Director desired to do.

Col. Sawhny did not exactly define industrial statesmanship as such. Like the author of the "Happy Warrior" he rather set out to outline the characteristics of sound management or, to put it in his own words, the responsibilities which face management today. In the first place, he said, an efficient management must guarantee adequate reward for the services rendered by its members, in addition to providing them reasonable incentive. Not only must it give a fair return on invested capital to the shareholders, but also provide necessary reserves for the maintenance of the industry and for its future development. And, in doing so, according to Mr. Sawhny, the management must shoulder the responsibility of holding an honest balance between the various interests, namely the work people, the shareholders, and the consumers. This is all very good as an ideal, but, if the policies and actions of the powers-that-be compel the management to do things which militate against the holding of an honest balance thus, who is to blame?

It is axiomatic to say that management should be responsible for technical efficiency in all its aspects. But many do not realise that this can be accomplished only by sound leadership and effective organisation, which it is the responsibility of management to ensure.

A third responsibility of management, and one which, in my opinion, is very important, is that management must be prepared to make, and to stand by, its own decision once it has done so after consulting all those whom it should reasonably and ordinarily consult. The A.C.C. Managing Director is quite right in holding that "a weak or vacillating management which attempts to pass on responsibility or decision-making to others stands immediately self-condemned". No less important a task of management is to be able to delegate both responsibility and authority instead of clinging to them as though they are an impartible possession for all times.

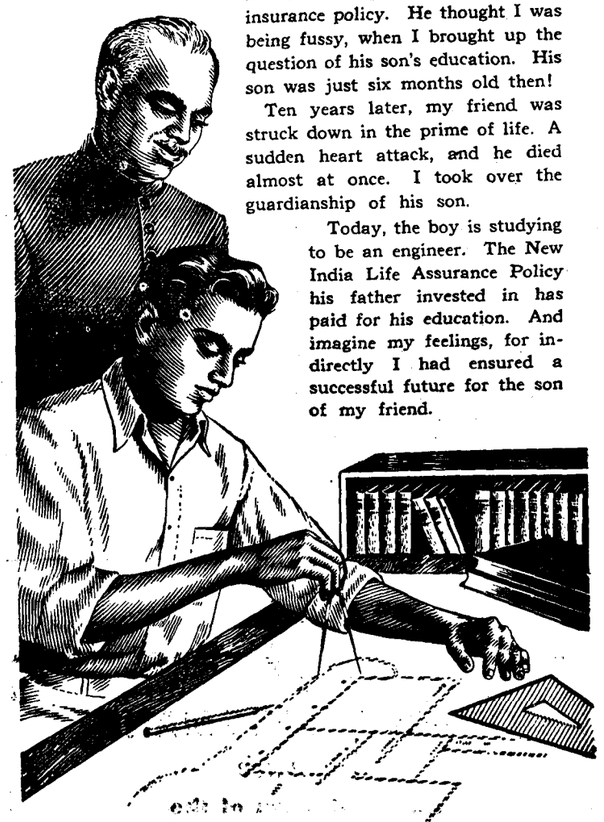
A sure index that anyone has bestowed thought on a subject is the way in which one puts it out to others, and, in doing so, one naturally draws upon one's own experience to illustrate the points one wishes to make. Col. Sawhny did very well, therefore, to draw on his army experience to bring home certain points. Take, for instance, the question of maintaining a high morale which is the most important single factor in the successful prosecution of any war. How is this morale ensured? Surely not by military discipline and fear of punishment, as is popularly believed. This, said Sawhny, is a mistaken conception, and pointed out that its basis lay in mutual confidence and better understanding. "If the same high degree of morale prevailed among workers in the industry as it does among men of India's fighting forces", he declared, "the advancement of any industrial progress would be readily assured".

Two other features of Col. Sawhny's address must appeal to anyone. The first was his emphasis on the right selection by the management of its administrative staff and the second, the importance of explaining to the people, who form any organisation, the purpose and aims of that organisation and the need to ensure that all policy decisions assist in the implementation of the overall aim. Taking a homely example, the A.C.C. spokesman pointed out how a man engaged in hewing limestone in a quarry would be infinitely more inspired by his work after knowing that his part of the work constituted a vital process in the manufacture of a nationally required building material than when he mechanically handled a hammer and cracked rocks for a given length of time every day. This reminds me of the exhortation which our Prime Minister also recently made to the engineers engaged on the various river valley and multi-purpose projects. He then asked these engineers to explain to the people employed the greatness of the work that they were doing from the point of view of the prosperity of the nation as a whole. In this connection, I feel I must cite the following extract from a lecture by Sir Arthur P. M. Fleming, C.B.E., Director and Manager, Research and Education Departments, Metropolitan Vickers Electrical Company, delivered during the Festival of Britain year, that is in 1951:

"The young entrant needs to be made acquainted with the purpose of the industry he has entered and its place in the national economy. He needs to know something of the set-up of his own organisation, what

NEW INDIA STORIES FROM LIFE 2

'My advice saved this boy's future!'



Years ago, I persuaded my good friend and neighbour to take out an insurance policy. He thought I was being fussy, when I brought up the question of his son's education. His son was just six months old then!

Ten years later, my friend was struck down in the prime of life. A sudden heart attack, and he died almost at once. I took over the guardianship of his son.

Today, the boy is studying to be an engineer. The New India Life Assurance Policy his father invested in has paid for his education. And imagine my feelings, for indirectly I had ensured a successful future for the son of my friend.

An insurance policy taken out now may one day stand between you and disaster. For full information, write to

THE NEW INDIA ASSURANCE CO. LTD.
Mahatma Gandhi Road, Bombay 1.

NI. 6173

are the relations between its integral parts, what are the human relationships within it. He must be made to feel that he is part of something that is vital to the community's well-being and that his job, well done, is essential to the well-being of the whole. Despite the efforts that are being made, this is one of the phases of industrial training that falls far short of the ideal."

We all talk so much about training for industry and wax eloquent over the problems of those connected with training for industry. It is said that this problem is one "of discerning the special aptitudes of persons as individuals, equating themselves to the most suitable jobs, providing the right kind of training to enable the young person to use and develop these aptitudes to the satisfaction of himself, the industry he serves and the community in which he lives, to provide means for upgrading". But, all these, however, relate to the men engaged by the management of an industry. Does this mean that there is no need for management training, especially as, to quote Col. Sawhny, no management can rely upon the constant supply of geniuses? It is, therefore, the duty of every sound management to make available to the enterprise men who will be capable of taking decisions of the future and who are qualified, trained and tested during the present to do so.

The best method of providing this training, according to Col. Sawhny, is a combination of practical experience and formal instruction. As things stand today, the young business executive is left to train himself and to learn as he goes along, which is most unsatisfactory. This haphazard and unplanned education of the managers of the future is a very serious national shortcoming which requires to be remedied forthwith. The Managing Director of the A.C.C. deplored the absence of institutions designed to impart instructions in management training. He was, of course, aware of the initiative in calling for the early establishment of an Administrative Staff College by the Commerce and Industry Minister, but he did not consider the proposed course to be adequate. "I feel that there is some danger", he said, "that the course will suffer from the disadvantages of being too little and too late", because the average age of a business man going to this course is stated to be between 35 and 40 and the duration of the course approximately three months. This is a matter on which there would appear to be considerable difference of opinion. According to at least one authority, the administrative college at Henley (U.K.), where the course is only one of three months, has been able to do wonderful work but, in the ultimate analysis, it is not so much in the age group factor or the duration factor that the success of any such training scheme lies as in the men and women involved. Unless these are people of outstanding qualities of leadership, we cannot hope to have good managers for, as has been rightly stated, "no formal course of training for management will produce good managers, unless the inherent human qualities required are there". It is a testimony to Col. Sawhny's keen perception that he himself has noted this. That is why he quoted the famous remark of Lord Wellingdon that "there are no bad battalions but there are only bad officers".

I do not know how many will view Col. Sawhny's ideals of sound business men as practicable, but no one will dispute that as an ideal it is really unexceptionable. Let me now sum up the splendid peroration of Col. Sawhny:

> "Management is concerned with the attainment of the aim of the organisation through a maximum co-ordination of work and the voluntary co-operation of those it employs. It is concerned with the delegation of authority and responsibility right down the lines. It must lay down a clear definition of duties and be responsible for the proper selection and training of all its staff. It is concerned with the flexibility of its structure and with intelligent future planning. It must ensure the economy and efficiency of all operations. It must see that its human resources are utilised to the greatest advantage through justice and decency and all that is compatible with the rights and dignity of man."

Could this not well constitute the Charter of Private Enterprise which Mr. M. R. Masani spoke of the other day?

ORIENT LONGMANS

Announce

the publication of the story behind the most vital fifty years of India's history in

G. D. BIRLA's

revealing personal memoir

IN THE SHADOW OF THE MAHATMA

Rs. 5/8 Rs. 5/8

Supreme ICI Paints

FOR BETTER PAINTING

Even the best paint can give poor results if applied incorrectly or over an unsuitable surface. Free technical advice, including practical demonstrations in your own paintshop, has always been a feature of the service offered by I. C. I. to their customers.

'DUCO' 'DULUX' 'NECOL'

each with its distinct process and use, are supported by Technical Service of the highest quality.

'DUCO' 'DULUX' 'NECOL' *are now manufactured in India by* THE ALKALI & CHEMICAL CORPORATION OF INDIA LTD.

Sole Selling Agents:

IMPERIAL CHEMICAL INDUSTRIES (INDIA) LTD.

Calcutta Bombay Madras Kanpur New Delhi Ahmedabad Amritsar Bangalore Cochin

Available from I.C.I. appointed Stockists and dealers everywhere

IX G 349

BUSINESS NOTES

THE CHALLENGE TO BURLAP

The future of burlap in the United States is a matter of vital concern for the jute manufacturing industry in this country. India still supplies 75 per cent of the burlap requirements of the U.S. As such the U.S. burlap trade's view in this respect should serve as a very useful guide. The National Burlap Bag Dealers' Association, New York, held its annual convention on January 30, 1954, at which the Association's President, Mr. J. C. Daly, analysed the trends in the market for packing materials.

Mr. Daly is in no way pessimistic about the outlook either in the short or long term. But he has uttered a warning that all future policies must be influenced by the basic consideration that it is a world of competitive markets which burlap has to deal with. He refers to the jute manufacturing industry going into production in Pakistan in the second half of this year and emphasizes the fact that in the second half of 1955 all the mills in East Pakistan with a loomage of 3,500 are expected to go into full production on a double-shift basis. It must be stated in parenthesis that this is a significant factor which the Indian jute industry has to reckon with. But its impact on India need not be exaggerated. Bulk handling has produced some adverse effect on the U.S. market for packing materials, but Mr. Daly is confident that this market is expanding and must continue to expand. The primary concern of the burlap trade must be to fight the competition of paper with competitive prices, unremitting sales promotion and innovations. He feels quite hopeful that burlap can meet this challenge. He stresses two fundamental changes in the size of burlap bags. New weights and widths must be substituted for the traditional hundred pound burlap bag since it makes for economy in cost for the purchaser. Experimental efforts made by some big burlap companies in the U.S. in this behalf have attracted an encouraging response. Then, again, there is ample scope to enter competition with rival containers in the sphere of fifty-pound containers. Both these innovations will regain the market and offer expanding sales for the burlap trade. Support for this drive for the two innovations must come from the jute manufacturing industry in India in the shape of readjustment and on this score Mr. Daly states that the Indian industry must move much faster than it has shown its inclination to act.

It is in no mood of defeatism, but rather in a mood to get forearmed, that Mr. Daly finds it necessary to give a word of counsel:

"If the foreign manufacturers—all of them—are really interested in the preservation of the jute goods industry, if they are anxious to expand the use of burlap in this country and, incidentally, in other consuming world markets, then let them display their interest and concern in an unmistakable manner. The timing is now and quick action is essential. India, as the largest single producing nation, should accept the challenge and take the lead. The future use of burlap in the U.S.A. rests squarely on the shoulders of the Indian Jute Mills' Association as well as the Pakistan Jute Board who should encourage the cultivators to grow more jute rather than think in terms of restricted acreage. Any other policy is nothing short of slow suicide. So if these two nations want to preserve and expand the industry, and it can be done, all that we need is plenty of jute and a desire on the part of manufacturers to throw off the cloak of tradition and put some imagination into future production."

TOBACCO WITHOUT SALE

Since tobacco growers in Andhra State, which accounts for an overwhelming proportion of the country's production, drew the attention of the Indian Central Tobacco Committee at its meeting in December last to the critical situation created by unsold stocks, further deterioration has taken place. The trade's estimate places the uncleared (and for the present unsaleable) stocks in Guntur, the principal centre, at 32 million lbs. It is obvious that either the Central Tobacco Committee is not seized of the gravity of the situation as it should have been or Government has not thought it pressing to take any expeditious measures to relieve the stresses and strains on the growers and the trade. Any other explanation of the lack of relief measures is still to come forth.

The situation would have taken a worse and more acute turn had adverse weather conditions not destroyed part of the crop. Adverse weather, however, has undoubtedly affected the quality of all grades and his has partly accentuated the troubles of the trade. The hardships resulting from a flat rate of excise duty on tobacco irrespective of quality are illustrated by this unfortunate critical phase. Prices are reported to have slumped by 75 per cent without sufficient response from domestic buyers and exports on consignment basis are said to have started already. In the case of some lower grades, conversion into manure presents the only alternative to continued glut.

Short-term reliefs are indicated by the revision of the tax policy. The flat rate of excise duty for all grades of tobacco has totally failed to justify itself and the time has arrived to withdraw the export duty on Indian cigars. But the deliberations at the recent Andhra State Tobacco Growers' Conference have laid emphasis on the long-term problems of this commercial crop. The proposal of establishing a finance corporation with a capital of Rs. 2 crores for tobacco trade is of highly doubtful feasibility, but it underlines the need of a sound marketing organization. Credit facilities for the grower are also too inadequate. More basically, the yield per acre which is placed at below half of what is obtained in some European countries as also quality are at the root of the trouble. Their improvement calls for greater research and its application to the operations in the field. It seems that the useful results of research conducted at Rajahmundry have not been carried to the grower. Exports are declining—the decline being of the order of Rs. 1.32 crores in the first half of 1953-54 as compared to the corresponding period of the previous year—and the assurance to establish an export promotion committee for tobacco must now be implemented. While the recently acquired preference for Indian tobacco abroad is not lost, energetic measures ought to be taken to rehabilitate the trade.

NEGOTIATIONS FOR OIL PROSPECTING

Negotiations were scheduled to start this week between the Government of India and representatives of the Burmah-Shell and Caltex Oil Companies for Government-cum-private enterprises to undertake prospecting for oil in West Bengal. In view of the technical skill and experience required in the exploration work as well as the high cost involved, negotiations with these two companies of long standing, for prospecting on a basis of collaboration, constitute the right approach. Prospecting operations are not now considered to be a gamble, involving a corresponding gamble in investment, that they were once supposed to be. What is of vital interest in this context is the fact that the oil potentialities of West Bengal are no longer considered to be meagre and geological investigation has established reasonable certainty of good resources of oil in this State. Preliminary aerial magnetometer survey in certain regions in West Bengal has been carried out by the Government in partnership with Standard Vacuum Oil Company. The current negotiations with Burmah-Shell and Caltex Oil Companies are not expected to be protracted over a long period as the negotiations with Standard Vacuum Oil Company which lasted for 18 months. The precedent of the agreement between the Government of India and Standard Vacuum will be followed in substance in the case of the two pending negotiations. The final result is bound to ensure, according to present expectations, extensive oil exploitation work in West Bengal.

The terms of the agreement for oil prospecting between the Government of India and Standard Vacuum Oil Company are important, but it appears that since their publication early last month they have not attracted the notice they deserve. The Government and the Company are to contribute shares to the cost of the joint venture of prospecting in the ratios of 1:3, with a ceiling of Rs. 2.5 crores fixed on Government's share unless it chooses to invest a higher amount at a subsequent stage. Each party is to nominate one official to determine from time to time the programme of the exploration work. If discovery of petroleum deposits in commercial quantities is confirmed, Standard Vacuum has undertaken to give serious consideration to setting up a refinery with a daily capacity of 10,000 barrels. Since the agreements for oil refineries to be established in Bombay were entered into, attention has rightly been directed to exploring the possibilities of augmenting the sources of indigenous processed oil. A clearer and realistic appreciation of the oil refinery agreements on a collaborated basis between the Government and overseas oil companies has now emerged in this country. It will be a great gain if the prospecting projects lead to more production of processed oil from indigenous crude petroleum.

CASH ALLOWANCE IN LIEU OF RICE RATION

The substitution of a cash allowance for provision of rice ration at a fixed price had been a sore point of dispute between tea estate labour and managements for the last few years. The injustice and extreme hardship of this hastily improvised war-time arrangement consisted in the fact that tea estate managements were placed under an obligation to supply rice ration for the worker and his dependents—a term defined in practice very vaguely to include a large number not coming within its strict scope—at the ridiculously low price of Rs. 5 per maund which was fixed in relation to the pre-war level. Apart from the crushing financial burden of subsidy which it involved, the managements were further subjected to the obligation of procuring rice stocks at the gardens by their own arrangements. Transport difficulties particularly in Assam added to the burden considerably and air lifts for rice have not faded out of memory. This was a rare instance where a duty really resting on the Government was coolly passed on to the tea estate managements. Efforts made in the wake of the crisis in the tea industry to convert this privilege into a cash allowance failed and Government shirked taking a firm attitude because of the political implications of the issue.

Labour has now come out with a chastened mood and the improvement in the food situation has also altered the outlook. Nevertheless, as reports suggest, the Union Labour Minister exercised his persuasive influence in inducing labour representatives on the Industrial Committee on Plantation Labour to agree to the substitution of a cash allonwance for rice in the Assam tea estates. For A and B Zones the rate of cash allowance has been fixed at 9 annas per day and for Zone C at 8 annas per day with a concurrent obligation on the managements to provide rice at Rs. 20 per maund in the first two zones and at Rs. 17-8 per maund in C Zone. The cash allowance scheme is reported to have been accepted tentatively for one year.

ACQUISITION OF MORE TONNAGE

Some particulars of the provisional plans of the shipping companies to purchase more vessels in the remaining two years of the Plan are now available. It will be interesting to follow the final decision of each company, for this is not a matter of getting loans from the Government alone. The requirements of the companies for purchase-money throw an obligation on them to go in for debenture issue. Most of the ships which are to be purchased in the next two years are for the coastal trade. The rate of interest, which is fixed by Government at present at 4½ per cent for coastal ships, has been a major point of controversy, but indications available so far are that the Government has shown no inclination to accede to the demand of the companies for reducing it, at least by a reasonable fraction, if not by 2 per cent so as to bring it to parity with the rate on loans for the purchase of ships for the overseas trade. Since this issue of additional vessels was taken up actively by the Union Ministry of Transport more than four months back, the shipping companies have applied their mind to concrete schemes of purchase. Mr. Lal Bahadur Shastri has already given an assurance that the terms of loans relating to the amount of advance and period of repayment will be liberalised.

According to present indications, Scindias propose to buy twelve ships of which five will be of 9,000 tons d.w. each and the remaining seven of a smaller tonnage. The cost of acquisition is estimated to be Rs. 13 crores to be met by a government loan of Rs. 8 crores and by debentures of Rs. 5 crores. The Eastern Shipping Corporation will buy about three ships. The Grant Eastern Shipping Company proposes to acquire five big and small vessels. India Steamships has ordered two ships and it intends to buy two more. Bharat Line and Malabar Steamship are proposing to buy two ships each. It is difficult to estimate the achievement of the Five-Year Plan target or the shortfall in it before the schemes are finalised by the companies.

STRUCTURAL STEEL

The establishment of the Structural Steel Sectional Committee of the Indian Standards Institution at Calcutta last week marks an important new phase in the activities of the Institution. The low priority given to this committee was due to the complex nature of the difficulties involved in its work which is of basic value in conserving the steel resources of this country. These difficulties have been explained sufficiently by the Institution's Director, Dr. Lal C. Verman. The work entrusted to the committee would entail an exhaustive and critical study of the standards and practices in the use of structural steel prevalent in other countries as well as those prevailing at present in this country. Similar detailed investigations into the theoretical and practical aspects of the problems of the use of structural steel in a wide range of requirements will tax the energy of those engaged in evolving standards for this material. All this necessarily dictated the need for setting up a highly specialised secretariat organization with persons fully conversant with the manufacture and fabrication of steel and practices of designs. The technical secretariat has now been established under the initial direction of U.S. expert engineers obtained under the Point Four Programme.

The case for the utmost economy in the use of structural steel hardly needs argument. Present standards for the production of heavy sections require radical revision in the light of the standards evolved in other countries. Light-weight sections also require standardisation for their numerous products. Recent advances reigstered in welding practices which offer distinct advantages in cost, design and construction will have to be incorporated in the structural practices to be prescribed for this country. The Union Commerce and Industry Minister announced at the inauguration

of the committee that the standards may have to be enforced by Government regulation. This indicates the measure of their importance and urgency. Government as the biggest consumer can help a long way in effecting economies in the use of structural steel. The magnitude of the current waste in the country's consumption of this steel is placed at 25 per cent, valued above Rs. 8 crores.

TOURIST TRAFFIC

Since tourism was placed on an organized basis in this country about five years back under the direct initiative of the Union Ministry of Transport and a variety of amenities were provided, tourist traffic has received stimulation and the number of tourists visiting this country from abroad is on the increase. The four regional offices opened at Bombay, Calcutta, Madras and Delhi have got off to a good start. Last year in the first eleven months nearly 25,100 tourists came to this country and this figure compares well with the number of tourists in the whole of 1952 placed at 25,450. The increase in 1953, however, is not great. Earnings from tourist traffic in 1952 are estimated to be Rs. 2.5 crores (on what basis it is not clear). Similar estimate for 1953 is not available, but it is unlikely to show great difference. Mr. Lichtenberg, President of the International Union of Official Travel Organizations, who was here last week, hinted at the tourist traffic potential of this country and expressed his personal view that, given a sustained promotion campaign, India's tourist traffic should easily increase eightfold in the next decade. The two primary conditions for the success of this campaign are that the development of transport and hotel facilities must go hand in hand.

On the score of transport, the Ministry concerned has made a start in placing at the disposal of tourists luxury standards, which, however, need further improvement before they can approach the levels prevalent in other countries frequented by tourists. It is also worth while to investigate where new means of communications should be opened up to exploit the tourist traffic potential. Proprietors in the hotel industry set up the All-India Hotel Federation last month and their decision to act in close co-operation with the Central Tourist Traffic Committee is correct. Training of hotel personnel under the projected scheme for Asian countries under the auspices of the U.N. Technical Administration in this country has remained so far a proposal. A more realistic and direct approach would be for the new Hotel Federation to send a few trainees in countries like Switzerland and France. The Transport Ministry has published a large volume of pamphlets and folders for tourists, but in this context Mr. Lichtenberg's suggestions deserve to be incorporated in their new editions. Pamphlets and folders should be of a practical nature giving the tourist information on a range of subjects of personal interest including places worth visiting, climate and suitable dress, travel facilities, and so forth. There is no need to incur extra overheads for additional independent tourist offices for publicity abroad as this work can be managed under the supervision of our embassies.

CAUSTIC SODA AND BLEACHING POWDER

The third inquiry into the claim of the caustic soda and bleaching powder industry for protection and assistance in other forms started before the Tariff Commission last week. The recommendations of the former Tariff Board in the earlier two inquiries for grant of protection were subsequently found by the Government to be unrelated to the changed conditions and protection was not extended after the second inquiry completed in 1950. Mr. M. D. Bhat, Chairman of the Tariff Commission, has, however, emphasised that in the present altered context this industry's case for protection demands earnest consideration. The cost structure of the industry, the c.i.f. prices as well as selling prices of imports and the quantity of imports give a significance to the claim for protection. Apart from a protective duty, the industry has asked for other reliefs which include exemption from the cess on salt used in the manufacture of caustic soda and reduced freight rates on raw materials and fuel. The case for protection is advanced by eight units in the industry whose combined installed capacity is 30,000 tons. Production though on the increase from 12,563 tons in 1951 to an annual rate of 14,442 tons in the first half of 1953 is much below capacity. The causes of the shortfall need critical analysis in view of the expanding domestic market.

THE
UNITED
COMMERCIAL
BANK LTD.

Head Office : CALCUTTA.

PAID-UP CAPITAL :
Rs. 2 CRORES.
RESERVE FUND :
Rs. 80 LACS.

FOREIGN BRANCHES :
IN PAKISTAN :
Chittagong, Karachi.
IN BURMA :
Rangoon, Moulmein,
Akyab, Mandalay,
IN MALAYA :
Singapore, Penang.
IN UNITED KINGDOM :
London.
ALSO AT :
Pondicherry, Hongkong.

Agents throughout the world.
All Types of Banking business transacted.

G. D. BIRLA
Chairman.
B. T. THAKUR
General Manager.

INVEST IN OUR
3-YEAR
Cash Certificates

ASP UC-1/54

NOTICE

Subscribers are requested to mention their Subscription Number (printed on the wrapper) while addressing the office regarding renewal of subscription, change of address or any complaint for prompt attention.

The Manager,
The Eastern Economist,
52, Queensway,
NEW DELHI.

Messrs. Standard-Vacuum Oil Company

Mobilgas with S-54

Special

WINNING THE BATTLE AGAINST FUEL FORMED DEPOSITS

The recognition that fuel contributes to the formation of deposits and that they have an important bearing on the operation of the automobile gasoline engine opened up a new field of research investigation into the means of their amelioration. Fuel formed deposits may be found in combustion chambers, on other parts of the intake system and the exhaust passages. These deposits make themselves felt in plug mal-functioning, pre-ignition, knocking, and engine stalling, with the result that the engine does not develop its full power.

In the research laboratories studies were made extending over many years on the deposition tendencies of fuels in different makes of engines and for evaluating the ability of a new gasoline to ensure proper acceptance. Extensive improvements in refinery practices were made to provide a high quality gasoline, but with the advent of high compression engines and the use of TEL (tetra-ethyl-lead) as an anti-knock agent, the problems of building into the gasoline properties to meet the more severe requirements became more complex and difficult.

This article is devoted to a description of the factors that contribute to fuel formed deposits, their influence on engine operation and how MOBILGAS with S-54 developed by Standard-Vacuum's Principals in one of the world's largest laboratories and proven by road performance in America and Europe, overcomes the problems associated with them.

SOURCES OF DEPOSITS

The carburettor is designed to supply the engine with the proper mixture of air and gasoline over a wide range of speeds and loads. However, under certain conditions of driving, combustion of the gasoline-air mixture in the cylinders is often incomplete with the result that various parts are likely to become more or less covered with fine carbon, as for example the plugs, combustion chambers, piston tops, exhaust passages and pipes. This carbon by itself would not be so objectionable as it is of a sooty nature. However, other factors such as gum and TEL in the gasoline contribute to deposit formation and in combination with the carbon may foster relatively hard deposits of a troublesome nature.

TEL is now almost universally used in gasoline to suppress 'knocking'. If used alone in gasoline it forms lead oxide on combustion, which tends to accumulate on the spark plugs and exhaust valve seats. To overcome this, a product is incorporated to assist in the evacuation by the exhaust gases of the TEL-formed deposit. However, some amount of this deposit will be left in the combustion chamber, the extent of which will be influenced to a great extent by the amount of gum in the gasoline, by the nature of the carbon left by the burning of the lubricating oil and by engine operating conditions.

A small amount of gum exists in dissolved form in all gasoline. When, however, gasoline is stored for long periods, it absorbs oxygen from the air to form additional gum. This gum can form residues that can cause more trouble than other gasoline deposits. When gum goes into the engine it does not evaporate along with the rest of the gasoline and some is deposited wherever the gasoline evaporates, as on carburettor jets, in the intake manifold or on inlet valve stems and it may also be carried into the combustion chamber. At first the deposited material is sticky like varnish. It combines, however, with other deposits, absorbs more oxygen from the air and under the drying action of heat it may assume a form ranging from molasses to a hard flint-like deposit. It will be seen therefore that if the structure of the gum can be altered to prevent it from sticking on the parts of the intake system and from promoting the formation of hard deposits in the combustion chambers and on exhaust valves, deposit accumulation can be overcome to a great extent. This is what MOBILGAS with S-54 does in a gasoline engine. It prevents the gum from being deposited in a sticky state when the gasoline is vaporised; instead, the gum-forming material is modified so that it is in a non-adherent state.

The power output of a gasoline engine can be seriously impaired by fuel formed deposits. MOBILGAS with S-54 not only assists in minimising the deposits in the combustion chamber but it improves the functioning of the separate parts of the intake or breathing system with the result that the power output is maintained at a peak. Let us consider how MOBILGAS with S-54 improves the functioning of the engine beginning with the throttle valve in the carburettor and continuing to the exhaust valves.

The throttle valve in a carburettor consists of a pivoted disc located in the venturi tube, which the driver operates by means of an accelerator pedal. The gasoline-air mixture from the carburettor is drawn by the suction of the engine via the manifold and the supply is controlled by the throttle valve. When the throttle valve is "closed", the engine is said to be idling. Actually, however, in the "closed" position the throttle valve allows a small quantity of gasoline mixture to be drawn into the engine. This is done by providing an annular space between the periphery of the disc and the walls of the venturi tube. However, the annular space is very restricted and if the rim of the disc gets gummy or sticky the passageway may actually be sealed thus stopping the flow of the intake charge of the air-gasoline mixture and causing the engine to stall.

MOBILGAS with S-54 prevents the "gum" from being deposited on the throttle valve.

In modern gasolines there are incorporated several components like inhibitors and anti-knock agents, which contain much non-volatile material. These added materials do contribute somewhat to the deposition of residues in the engine manifold particularly if the interior surfaces are coated with gum. MOBILGAS with S-54 prevents this material from being deposited and clogging the passages.

Near the intake ports of the combustion chamber, all the while that the engine is running, there is a constant pulsation of gases, including the fresh air-gasoline mixture about to enter the ports and a mixture of products of combustion tending to get past the intake ports owing to the designed overlapping action of the intake and exhaust valves. In the course of time the products of incomplete combustion tend to deposit a coating of varnish-like substance on the walls of the passages at the intake ports.

Sometimes the gumming on the underside of the inlet valve head may be so severe as to reduce considerably the power output of the engine. The valves must also effectively seal the gases in the combustion chamber at pressures up to or possibly exceeding 600 pounds per square inch. If gummy deposits collect on the underside of the valve heads power is lost and the valves and valve seats may also suffer damage.

MOBILGAS with S-54 serves to prevent the formation of these harmful deposits.

It may be said therefore that the inlet valves and manifold are the lungs of a gasoline engine and like mortals, when affected with congestion of the respiratory system, cannot breathe freely if the passages are clogged with deposits. In the automotive engine such deposits will result in the cylinders not receiving the right amount of air-fuel mixture and therefore the engine cannot develop its full power.

The stems of the intake valves are fitted into cylindrical guides and are normally lubricated by a thin film of lubricating oil supplied from the engine sump. The valves are required to operate at lightning-like speed and open and close in a fraction of a second. However, when the engine is overloaded it is likely to run "hot" and there is a tendency for the oxidised lubricant to combine with the gum in the fuel and accumulate in a sticky film in the clearance space near the top of the valve guides. When this happens the valve stems stick and the valves operate sluggishly.

MOBILGAS with S-54 assists in free movement of the inlet valves.

The intake valve being constantly cooled by the incoming charge of the gasoline-air mixture operates at a comparatively cool temperature. The exhaust valve, on the other hand, is subjected to a very high temperature, sometimes high enough to cause it to operate at red heat. If deposits find their way on the valve seat it ultimately results in burnt out or broken valves.

MOBILGAS with S-54 alters the characteristics of the deposits in the combustion chamber resulting from gum or material incorporated in the gasoline, making them non-adherent with the result that combustion chamber deposits are minimised.

Proof of the effectiveness of MOBILGAS with S-54 in minimising deposit formation has been established in actual use in America and Europe. Summarising, therefore, its use helps to (1) create better engine breathing and hence more efficient utilisation of fuel resulting in greater power and lower fuel consumption, (2) reduce the knocking tendency due to better breathing and minimum deposit formation, (3) provide easier starting and warm up as valves move freely and the carburettor does not stick, (4) greatly reduce valve and hence engine maintenance.

So far we have dealt with fuel formed deposits. However, cleanliness of the moving parts in the crankcase and of the pistons is also equally important since deposits on these parts can be a great source of trouble. MOBILOIL, a modern motor oil, developed by Standard-Vacuum is a highly detergent oil. This powerful property enables MOBILOIL to hold in suspension in a finely divided state contaminants such as fuel soot and any oxidation products resulting from the fuel and lubricant that find their way into the engine sump. When the oil is changed the impurities are drained out of the sump with the oil and permanently removed. To coin a phrase, MOBILOIL keeps engine crankcases and pistons 'MOBILOIL clean'.

The best advice that can be given for keeping down to a minimum the formation of deposits in the automotive engine is, firstly to use only the best gasoline and secondly to use a selected motor oil. MOBILGAS with S-54 and MOBILOIL when used together in the gasoline tank and engine sump respectively, will provide complete engine cleanliness.

A HINDUSTAN TIMES PUBLICATION

MEMORIES OF BAPU

A PUBLICATION FOR EVERY HOUSEHOLD, DRAWING ROOM AND LIBRARY.

It is a 13" x 9½" magazine size album printed on art paper. It consists of 100 pages of over 200 pictures with their full description. Two pages are in colour. The publication contains a selection of tributes and an introduction by the Editor of the book, Mr. Devadas Gandhi.

Price Rs. 10/- Calico bound Rs. 15/- Leather bound

Postage Extra

THE HINDUSTAN TIMES, NEW DELHI

COMPANY AFFAIRS

"MACNEILL & BARRY" GROUP OF JUTE COMPANIES

The audited accounts and balance sheets for the half-year ended 30th September, 1953, of all the three jute companies managed by Messrs. Macneill & Barry Ltd., are now available for review. It is gratifying to note that despite trying trading conditions during the period under report, all the companies have done well. Net profits, after providing for depreciation and taxation, have advanced in all the three cases. Gourepore and Nuddea have declared dividends on the ordinary shares but Ganges could not do so because of a heavy brought forward debit balance.

The stocks of hessian cloth and bags remained at a high level during the major part of the half-year under review. The table below gives the stocks of hessian cloth and bags with the members of Indian Jute Mills' Association from April 1953 to September 1953. There is a sudden fall in the last month, i.e., September, because the Government of India reduced the duty on hessian from Rs. 275 per ton to Rs. 120 per ton, which led to a further stimulation of hessian prices and a material improvement in the overall stock position".

Stocks of Hessian Cloth and Bags
(at the end of each month)

1953	(000 tons)
April	46
May	48
June	47
July	45
August	42
September	37

It may be stated that the stocks with the members of I.J.M.A. declined to 31,000 tons by the end of October, 1953.

All the three companies show a fall in the cost of raw jute consumed in spite of the fact that the prices of raw jute moved upward because of curtailment in jute sowings in the early part of the year. The current crops have declined both in India and Pakistan.

The working results of the individual companies are analysed below.

	GANGES				GOUREPORE		NUDDEA		
Half-year ended	30-9-1953	31-3-1953	30-9-1952	30-9-1953	31-3-1953	30-9-1952	30-9-1953	31-3-1953	30-9-1952
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sales	1,36,46,391	1,63,34,973	1,77,70,171	1,09,25,262	1,16,20,755	1,51,24,316	84,56,956	92,16,116	1,19,31,578
Stocks	7,19,316	18,85,209	16,13,300	6,75,089	11,06,209	15,53,704	4,34,105	8,66,174	10,12,599
Cost of jute consumed	65,35,733	76,69,911	99,66,375	55,29,585	62,04,830	84,46,573	41,57,705	53,56,324	70,73,818
Manufacturing & selling expenses	14,82,068	15,24,535	17,69,293	11,15,041	11,28,110	13,79,548	8,60,406	9,72,612	10,69,749
Salaries and wages	34,50,136	34,49,415	37,98,491	29,18,857	31,40,037	33,52,714	23,24,120	23,99,519	26,18,382
Net profits	3,91,151	3,76,728	—9,90,553	4,59,564	61,266a	7,145b	1,52,939	—64,363	2,12,465c
Depreciation	Nil	Nil	Nil	2,00,000	2,00,000	..	1,00,000	..	..
Taxation	Nil	Nil	Nil	8,521	..	..	..	..	..
Ordinary dividend per cent per annum	Nil	Nil	Nil	7½	Nil	Nil	2	Nil	Nil
Gross block	2,10,72,458	2,10,73,148	2,10,12,266	2,19,25,904	2,19,25,184	2,18,72,990	2,13,29,378	2,12,90,664	2,10,50,572
Less depreciation	1,34,24,379	1,34,77,245	1,34,77,245	1,64,07,937	1,62,21,237	1,60,21,337	1,36,90,475	1,35,98,606	1,35,98,606
Net block	76,48,079	75,95,903	75,35,021	55,17,967	57,03,847	58,51,653	76,38,903	76,92,058	74,51,996

a After transferring Rs. 2 lakhs from "Machinery and Replacement Reserve".
b After transferring Rs. 13,00,000 from "General Reserve".
c After transferring Rs. 7 lakhs from "General Reserve".

THE GANGES MANUFACTURING CO., LTD.

The sales for the half-year under report have declined from Rs. 163.35 lakhs to Rs. 136.46 lakhs. The value of stocks has also fallen from Rs. 18.85 lakhs to Rs. 7.19 lakhs. Manufacturing costs and the cost of raw jute show a downward trend though the bill for salaries and wages has remained rigid. The net profit at Rs. 3.91 lakhs has helped only to bring down the debit balance to Rs. 4.62 lakhs. No provisions could be made for depreciation or taxation or dividends.

The balance sheet shows the gross block at Rs. 210.72 lakhs. Depreciation so far provided comes to Rs. 134.24 lakhs. The net block, therefore, amounts to Rs. 76.48 lakhs.

THE GOUREPORE CO., LTD.

In line with other jute companies, the figures for sales, stocks, manufacturing costs, etc., all point downwards. Even the bill for salaries and wages shows a fall from Rs. 31.40 lakhs to Rs. 29.18 lakhs. Net profit, however, shows a happy rise from Rs. 61,266 to Rs. 4,59,564. The directors have provided Rs. 2 lakhs for depreciation and Rs. 8,521 for taxation. Dividend on the ordinary shares has been proposed at the rate of 7½ per cent per annum as against nil in the preceding two half-years.

The balance sheet shows a very sound position of the company. The gross block stands at Rs. 219.26 lakhs. Total provision for depreciation up-to-date is as high as Rs. 164.08 lakhs. The net block, therefore, is down to Rs. 55.18 lakhs. As against a total capital of Rs. 50.50 lakhs, the reserves provided in the different funds total Rs. 26.30 lakhs.

THE NUDDEA MILLS LTD.

The net profit of the Nuddea Mills for the half-year under report comes to Rs. 1.53 lakhs as against a loss of Rs. 0.64 lakhs in the previous half-year. The directors have provided Rs. 1 lakh for depreciation as against nil in the preceding two half-years. The ordinary dividend has been proposed at the rate of 2 per cent per annum. The gross block stands at Rs. 213.29 lakhs. Total depreciation, so far provided, amounts to Rs. 136.90 lakhs. Net block, therefore, comes to Rs. 76.39 lakhs.

COMMODITY NEWS AND NOTES

SMALL DECREASE IN LINSEED ACREAGE

According to the Directorate of Economics and Statistics, Ministry of Food and Agriculture, Government of India, the all-India first estimate of linseed for 1953-54 puts the current year's area at 2,490,000 acres, as against 2,576,000 acres of the adjusted first estimate for last year, thereby showing a decline of 86,000 acres or 3.3 per cent in area. The decline in acreage under linseed during the current year has occurred mainly in Hyderabad, Rajasthan and Vindhya Pradesh. In Hyderabad, the decline in area has been due to delay in sowings caused by heavy rains in October 1953. On the other hand in Rajasthan and Vindhya Pradesh the decline has been due to inadequate soil moisture at the time of sowing. The decline has, however, been offset, to some extent, by increases reported by Bombay, U.P. and West Bengal. The information given in this estimate relates generally to the period up to the middle of December 1953. Till then the condition of the crop was reported to be generally satisfactory in all the States, except in parts of the Ahmednagar district of Bombay, where the crop was reported to be withering on account of insufficient rains. This estimate does not cover the entire area sown to linseed crop during 1953-54. Past experience has shown that the area at the first estimate stage forms roughly 80 per cent of the area under the crop finally reported.

SHARP RISE IN TEA PRICES

Prices of different kinds of loose tea in the Gauhati market went up from As. 12 to As. 14 per pound during the first week of the current month. First quality tea is almost unavailable. Busine's circles attribute the increase in price and shortage of stock in the market to (a) less production this year because of crop control and selective plucking for quality production; (b) the trade pact with Russia, which has agreed to make bulk purchase; (c) lifting of tea rationing in the U.K. with the resultant increased demand for tea from abroad; and (d) new markets in the U.S.A. where people are becoming more tea-minded.

RECORD CEMENT PRODUCTION IN INDIA IN 1953

Cement production registered a rise of nearly 200,000 tons during the year, reaching the record level of 3.73 million tons as against 3.53 million tons produced in 1952. The increase in production this year was due to the expansion of two existing factories and the setting up of a new one.

RESERVES OF IRON-ORE IN INDIA

'Indian Minerals', published by the Geological Survey of India gives the estimated reserves of high grade iron-ore containing 60 per cent and over of metallic iron in India as follows:

	(In million tons)
Hematite Ores	
Bihar and Orissa	8,000
Madhya Pradesh	3,000
Mysore	1,000
Sandur	250
Magnetite Ores	
Madras	1,000
Mysore	200
Limonitic Spathic Ores	
West Bengal	500

BRIGHT FUTURE FOR INDIA'S MANGANESE EXPORTS

India's manganese export trade has a bright future owing to expected increase in world manganese consumption by 60 to 70 per cent in the next 25 years, Dr. A. M. Bateman, Chairman, Department of Geology, Yale University, said recently at Nagpur. He visited manganese mines in Madhya Pradesh, and stated that the deposits here were superior because they were formed as "primary" manganese minerals without being the result of consolidation and concentration on the surface.

BUILDING CENTRAL RICE RESERVE

Shri Rafi Ahmed Kidwai, Union Food Minister, stated recently that the Government of India wanted to build up a Central Rice Reserve of 10 to 15 lakh tons before introducing complete decontrol. About seven lakh tons of rice might be imported this year provided the price was "reasonable" and, together with the surplus stocks from Madhya Pradesh, Orissa and Mysore, they could build up a reserve from which requirements of deficit States would be freely met. He further stated that India had now enough rice of her own to go round and "even something to be left over". The rice production during 1953-54 would be 2 million tons more than in 1952-53 and 4 million tons higher than in 1951-52.

KOLAR GOLD CUTPUT

Gold returns for January 1954, in fine .025 were:

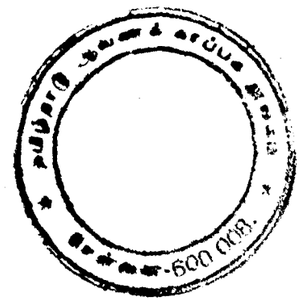
Company	January 1954	December 1953	November 1953
Mysore ..	6,174	5,709	6,342
Champion Reef ..	5,845	5,709	5,709
Ooregum ..	114	258	212
Nandydroog ..	5,743	3,686	4,074
TOTAL ..	17,876	15,362	16,337

FALL IN EGYPT'S OIL OUTPUT

Egypt's annual oil output has fallen by 25 per cent chiefly because of the near failure of supplies from a field operated jointly by the British and U.S. companies. Production at the Asl oilfield operated by the Anglo-Egyptian Oilfield Ltd. and the American Socony Vacuum Oil Company dropped recently from about 1,500 tons a day to about 80 tons a day. The failure of the Asl field on the Sinai peninsula between the Suez and Jordan means that Egypt will have to increase her annual oil imports from one million to one and a half million tons a year, if she is to maintain her present consumption. The two companies warned the Egyptian Government two years ago that a fall in production was to be expected because of an almost complete cessation of exploratory work for new fields.

INCREASED OUTPUT OF TEA IN CEYLON

Ceylon will shortly ask the International Tea Committee to raise her quota of tea exports so as to enable her to market her increased tea output in the current year. Ceylon along with India and Indonesia is a party to the International Tea Agreement under which Ceylon has been permitted to export 339.6 million pounds of tea for the year ending March 1954. The object of the agreement is to control production and thus ensure economic prices. Ceylon expects that her exports in the current year will far exceed the quota with a record yield on hand. Accordingly to customs returns, Ceylon has already exported 335.5 million pounds in the current tea year. Her production in 1953 was over 343 million pounds, the highest on record. In 1952 Ceylon exported 314.4 million pounds of tea from her crop of 316.8 million pounds.



Tourist Fares



TO LONDON

and many EUROPEAN

and other destinations

THROUGHOUT the WORLD



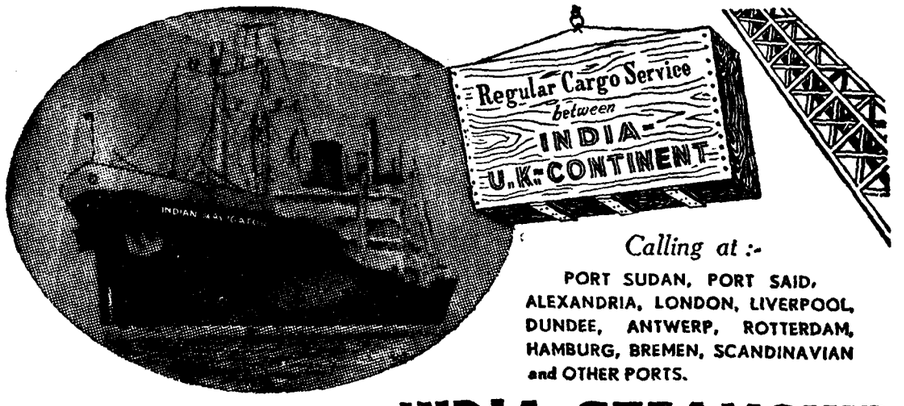
B.O.A.C. Tourist Services are a permanent feature—they will be available throughout the year.

B.O.A.C. *Off-season* Tourist Fares, offering considerable savings, are available up to 28th February, 1954, for journeys originating in India

Ask your local Travel Agent or B.O.A.C. Booking Offices in Bombay, Calcutta, Delhi and Madras.

Fly Tourist by B·O·A·C

BRITISH OVERSEAS AIRWAYS CORPORATION



Calling at :-

PORT SUDAN, PORT SAID, ALEXANDRIA, LONDON, LIVERPOOL, DUNDEE, ANTWERP, ROTTERDAM, HAMBURG, BREMEN, SCANDINAVIAN and OTHER PORTS.

Our Fleet :-

S. S. INDIAN PIONEER S. S. INDIAN ENDEAVOUR
S. S. INDIAN TRADER S. S. INDIAN EXPORTER
S. S. INDIAN SHIPPER S. S. INDIAN NAVIGATOR
S. S. INDIAN IMPORTER S. S. INDIAN MERCHANT
and other Steamers

INDIA STEAMSHIP COMPANY LIMITED

Managing Agents :- LIONEL EDWARDS LTD.
D-1, CLIVE BUILDINGS, • CALCUTTA-1

STAND SOLIDLY BY INDIAN MERCHANT MARINE

V. 9251

Mobildiesel for marine transport, lighting sets, earth-moving equipment, refrigeration, sawmills, tractors, buses & trucks

There's no finer fuel for high-speed diesels!

Mobildiesel

FORMERLY
Standesol Automotive

Cuts out 'knocking' and helps you to get quick, easy starting
Gives top power and takes big loads further, on less fuel
Keeps engines clean and reduces deposits in combustion chambers
Avoids corrosion and helps to prevent piston rings sticking

MADE BY THE MAKERS OF Mobilgas, Mobiloil and Mobilpower

STANDARD-VACUUM OIL COMPANY
(The Liability of the Members of the Company is Limited)

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360.0*	369.5	619 8	397.4	90.6	100.4	86.8	94.0
June ,, c ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	4.4
July ,, c ..	406.4	480 5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475 3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448 0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
Week Ending										
19-12-1953 ..	367.6	464.9*	355.7	363.5	712.4	390.2*	90.3	101.6	87.8	98·0
26-12-1953 ..	368.8	474.5	357.5	364.1	712.5	392.6	90.3	101.8	88.1	98.0
2-1-1954 ..	377.2	471.4	357.6	364.0	712.2	394.9	90.3	101.8	88.1	97.9
9-1-1954 ..	380.1	480.4	360.2*	363.4	709.9	397.4	90.3	101.8	87.8	97.4
16-1-1954 ..	383.5	483.2	361.4	364.6	706.6	399.5	90.3	101.6	87.6	97.3
23-1-1954 ..	386.3	484.3	362.9	364.7*	711.4	401.0*	90.3	101.7	87.6	98.4
30-1-1954 ..	379.8	486.7	365.2	364.9	708.9	399.6	90.3	101.6	87 5	100.0

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

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†
				Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936= 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	..	..	351	..	..	..
1953 January	330	346	260	135	337	454	381	146	327	144	149	139
February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	—	162	147
November	344	361	280	144	339	453	385	—	353	—	165	—
December	342	359	268	140	329	438	—	—	350	—	—	—
1954 January	—	—	—	—	—	—	—	—	353	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	13-2-1954			6-2-1954			30-1-1954			23-1-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	87-10	85- 9	86- 9	86- 4	84-14	85- 9	85- 6	84- 0	84-10	85-1	83-11	84-6
Silver (per100 fine tolas)	162- 8	160-11	161-10	159-14	161-12	160-12	161- 8	159-10	160-15	161-0	157-9	159-0

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
Week Ending										
18-12-1953	1,121,21	14,61	1,135,83	40,02	578,15	618,17	54.42	96,28	421,38	1,135,83
25-12-1953	1,125,52	10,37	1,135,89	40,02	578,15	618,17	54.42	96,34	421,38	1,135,89
1-1-1954	1,132,15	13,82	1,145,97	40,02	588,15	628,17	54.82	96,42	421,38	1,145,97
8-1-1954	1,154,76	9,65	1,164,40	40,02	608,15	648,17	55.67	94,85	421,38	1,164,40
15-1-1954	1,158,44	15,46	1,173,90	40,02	618,15	658,17	56.07	94,35	421,38	1,173,90
22-1-1954	1,154,84	19,40	1,174,24	40,02	618,15	658,17	56.05	94,69	421,38	1,174,24
29-1-1954	1,156,01	18.37	1,174,38	40,02	618,15	658,17	56.04	94,83	421,38	1,174,38
5-2-1954	1,173,82	9,43	1,183,25	40,02	628,15	668,17	56.47	93,71	421,38	1,183,25

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	485
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	414
	(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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
Week Ending														
18-12-1953	106,11	18,97	48,69	57,19	230,95	20,84	261,79	14,82	9,65	141,21	1,49	12,61	74,75	7,25
25-12-1953	110,24	18,79	45,99	56,93	231,95	20.45	262,40	10,60	11,35	144,46	1,84	11,83	74,72	7,60
1-1-1954	113,43	19,48	46,70	58,35	237,97	21,79	269,76	14,07	15,26	139,32	1,15	16,05	76,25	7,68
8-1-1954	107,01	15,05	40,95	58,00	220,12	21,69	251,81	9,80	15,78	122,25	1,95	19,02	75,29	7,72
15-1-1954	98,19	21,47	42,53	57,88	220,07	22,47	252,55	15,68	19,60	114,19	1,26	20,11	73,94	7,77
22-1-1954	98,85	21,90	42,10	58,22	221,07	22,32	253,40	19,65	16,62	114,19	72	21,57	72,81	7,83
29-1-1954	101,60	23,29	38,59	59,02	222,41	22,10	254,52	18,64	15,19	116,17	..	23,93	72,47	8,11
5-2-1954	93,28	19,51	38,08	59,01	209,88	20,03	229,90	9,58	13,15	108,14	55	28,35	71,72	8,43

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

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	16,44	45.10	..
1949-50 ..	597,79	272,59	870,38	34,47	65,85	11.53	426,74	15,35	50.79	..
1950-51 ..	599,13	278,45	877,59	34,68	60,78	10.88	447,03	11,87	52.29	..
1951-52 ..	593,73	290,82	884,55	37,33	57,29	10.70	523,59	22,81	61.77	303,48§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49.46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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
Week Ending										
19-6-1953 ..	526,91	324,56	851,47	33,93	39,57	8.63	462,88	58,38	61.22	312,44
26-6-1953 ..	530,26	327,56	857,82	34,63	40,09	8.71	453,23	56,59	59.43	314,03
3-7-1953 ..	531,35	327,62	858,97	33,56	40,11	8.58	452,30	55,97	59.17	313,41
10-7-1953 ..	529,02	328,34	857,36	32,72	39,73	8.45	446,78	53,43	58.34	312,81
17-7-1953 ..	535,68	328,52	864,20	31,39	39,80	8.24	442,59	52,05	57.24	313,70
24-7-1953 ..	535,82	328,31	864,14	30,92	50,53	9.43	438,77	51,22	56.70	315,61
31-7-1953 ..	530,25	328,27	858,52	30,89	44,78	8 79	438,02	51,48	57.02	316,41
7-8-1953 ..	529,97	327,59	857,56	29,44	47,05	8.92	436,59	51,76	56.95	319,05
14-8-1953 ..	522,66	330,10	852,76	29,86	41,12	8.32	431,15	49,53	56.37	323,07
21-8-1953 ..	528,18	328,52	856,70	31,22	44,10	8.79	428,51	48,28	55.65	323,56
28-8-1953 ..	528,21	331,36	859,57	31,73	45,93	9.03	426,53	46,81	55.07	326,88
4-9-1953 ..	528,59	330,56	859,15	31,93	49,11	9.43	428,02	45,87	55.16	327,96
11-9-1953 ..	526,79	330,34	857,13	30,54	48,01	9.18	423,30	44,43	54.51	329,15
18-9-1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42.45	54.45	333,16
25-9-1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2-10-1953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-1953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16-10-1953 ..	520,35	332,92	853,27	30,06	50,34	9.42	420,89	38,62	53.85	336,15
23-10-1953 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39.76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45.43	54.36	336,04
1-1-1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16
29-1-1954 ..	520,09	327,97	848,06	31,74	38 18	8.24	454,28	51,29	59.62	322,72
5-2-1954 ..	516,55	329,45	846,00	32,10	37,10	8.18	..	..	60 43	322,20

Undivided India

§Average of weeks from November 1951

PRINCIPAL STATISTICS OF RAILWAY OPERATIONS

I. ALL-INDIA RAILWAYS

ITEMS	1948-49	1949-50	1950-51	1951-52	1952-53
Capital at charge (crores) Rs.	775.88	813.07	838.18	861.57*	868.52
Route mileage as on 31 March	33,866.85	34,022.29	34,078.94	34,119.44	34,274.98
Gross earnings (crores) Rs.	234.12	258.32	264.62	294.14	272.31**
Total working expenses (crores) Rs.	184.06	207.23	214.39	227.58	219.93**
Operating ratio per cent	78.62	80.17	81.02	77.37	80.77
Number of passengers originating (millions)	1,184.51	1,255.26	1,307.79	1,232.10*	1,184.41
Passenger miles (millions)	38,817.19	40,019.72	41,671.74	39,550.77*	36,035.63
Earnings from carriage of passengers (crores) Rs.	93.11	95.25	99.22	111.42	101.87
Average earnings per passenger mile (pies)	4.60	4.57	4.57	5.41	5.43
Freight tons originating (millions)	82.67	91.58	92.34	97.87*	98.36
Freight ton miles (millions)	22,750.42	25,464.68	27,007.52	29,017.66	28,960.89
Earnings from carriage of goods (crores) Rs.	112.34	135.69	139.77	153.95	143.80**
Average earnings per freight ton mile (pies)	9.48	10.2	9.94	10.2	11.2
Total train miles (millions)	167.55	179.42	185.11	191.50*	195.33
Gross earnings per train mile Rs.	13.97	14.68	14.57	15.57	14.13**
Working expenses per train mile Rs.	10.99	11.78	11.79	12.03	11.40**
Net earnings per train mile Rs.	2.98	2.90	2.78	3.54	2.73**
Net earnings per mean mile worked Rs.	14,647	14,973	14,515	19,260*	15,267**

* Revised figures.

** Exclusive of the freight charges on carriage of railway stores, fuel, etc., which do not enter into financial accounts with effect from 1 April, 1952.

II. INDIAN GOVERNMENT RAILWAYS*

ITEMS	1948-49	1949-50	1950-51†	1951-52	1952-53
Capital at charge (crores) Rs.	703.12	727.18	803.82	830.53	833.06
Route mileage as on 31 March	26,422.40	27,172.10	33,302.84	33,343.34	33,518.98
Gross earnings (crores) Rs.	214.77	238.32	262.57	291.85	270.09††
Total working expenses (crores) Rs.	169.63	192.89	212.67	225.76	218.16††
Operating ratio per cent	78.98	80.94	81.00	77.36	80.77
Number of passengers originating (millions)	1,061.35	1,138.47	1,279.36	1,203.73	1,156.87
Passenger miles (millions)	35,128.66	36,322.30	41,159.38	39,030.20	35,536.21
Earnings from carriage of passengers (crores) Rs.	83.91	86.04	97.83	109.88	100.38
Average earnings per passenger mile (pies)	4.59	4.55	4.56	5.41	5.42
Freight tons originating (millions)	74.42	83.44	91.38	96.66	97.12
Freight ton miles (millions)	21,639.83	24,207.86	26,962.51	28,965.87	28,905.78
Earnings from carriage of goods (crores) Rs.	104.18	126.67	139.26	153.32	143.19††
Average earnings per freight ton mile (pies)	9.24	10.0	9.90	10.1	11.1
Total train miles (millions)	150.05	161.27	182.01	188.92**	192.53
Gross earnings per train mile Rs.	14.31	14.78	14.67	15.67	14.20††
Working expenses per train mile Rs.	11.30	11.96	11.86	12.11	11.50††
Net earnings per train mile Rs.	3.01	2.82	2.80	3.56	2.75††
Net earnings per mean mile worked Rs.	16,933	16,618	14,748	19,562	15,475††

** Revised figures.

* Include statistics of lines worked by Indian Government Railways but exclude Indian Government portions worked during 1948-49 and 1949-50 by the Nizam's State and Saurashtra railways.

† Include figures for Bikaner State, Jodhpur, Mysore, State, Nizam's State, Saurashtra, Jaipur State, Rajasthan, Dholpur State, Scindia State and Cutch State Railways, which have been taken over by the Central Government as a result of the Federal Financial Integration from 1 April, 1950.

†† Exclusive of the freight charges on carriage of railway stores, fuel, etc., which do not enter into financial accounts with effect from 1 April, 1952.

INDEX NUMBERS OF COST OF LIVING AND WHOLESALE PRICES IN FOREIGN COUNTRIES

Monthly averages or calendar months

(Base adjusted to 1948=100)

	Cost of Living			Wholesale Prices		
	Japan (1)	U.S.A.	U.K.	Japan	U. S. A.	U. K.
1949	132	99	103	163	95	105
1950	123	100	106	193	99	120
1951	143	108	116	268	110	146
1952	150	110	126	273	107	149
1951 November	149	110	119	280	109	150
December	149	110	120	278	109	151
1952 January	150	110	122	279	108	153
February	149	109	123	279	108	150
March	150	109	123	276	108	152
April	150	110	125	273	107	150
May	149	110	125	272	107	149
June	149	110	128	272	107	149
July	151	111	128	274	107	149
August	152	111	127	272	107	148
September	151	111	126	272	107	147
October	152	111	128	271	106	149
November	150	111	128	268	106	148
December	150	111	128	268	105	149
1953 January	153	111	128	273	105	148
February	156	110	129	274	105	148
March	156	111	130	274	105	150
April	157	111	131	274	105	151
May	156	111	130	274	105	150
June	158	111	131	275	105	150
July	161	112	131	276	106	150
August	163	112	130	277	106	149
September	163	112	130	279	106	148
October	168	112	130	281	106	148
November	..	..	130	..	105	149

(1) New series (base 1951=100) linked to the old index at January 1951.

Source: U. N. Monthly Bulletin of Statistics

LATEST CROP ESTIMATES

Crop	Estimate		Area: Acres (000)	Area: Increase + or decrease — over the corresponding estimate of the previous year (percent)	Yield: Tons (000)	Yield: Increase + or decrease — over the corresponding estimate of the previous year (percent)
FOOD-GRAINS:						
Rice	First	1953-54	67,452	+ 3·2	6,762	+ 12·0
Wheat	Final	1952-53	24,041	+ 2·5	..	..
Jowar	First	1953-54	26,192	+ 6·4		..
Bajra	,,	1953-54	26,514	+ 14·5	..	..
Maize	,,	1953-54	8,464	+ 9·0		..
Ragi	,,	1953-54	4,771	+ 3·8	2,664	+ 16·2
Barley	Final	1952-53	7,500	— 4·3	3,771	+ 14·5
Gram	Final	1952-53	17,267	+ 2·4	(a) 5,100	+ 2·2
Sugarcane	Second	1953-54	4,101	— 3·0		
OILSEEDS:						
(i) Edible—						
Sesamum	Second	1953-54	4,393	+ 4·1	..	..
Groundnut	Second	1953-54	9,655	+ 1·6	..	..
Rape & Mustard	Final	1952-53	5,155	— 12·8	828	— 9·6
(ii) Non-edible—						
Linseed	Final	1952-53	3,394	— 0·2	355	+ 12·3
Castorseed	Final	1952-53	1,349	— 5·5	107	+ 1·9
FIBRES:						
Cotton	Second	1953-54	12,956	+ 6·4	..	..
Jute	Final	1953-54	1,196	— 34·2	(b) 3,128	— 32·1
OTHER CROPS:						
Tobacco	Supplementary	1952-53	798	+ 12·1	219	+ 6·8
Potato	Final	1952-53	608	— 1·3	1,932	+ 15·1

(a) Raw Sugar (Gur) (b) In bales of 400 lbs.

Source: Ministry of Food & Agriculture

THE EASTERN ECONOMIST PUBLICATIONS

		PRICE Rs.	As.	Ps.
1.	The Economic Progress of Russia, 1860-1948 by E. P. W. da Costa	1	8	0
2.	India's Foreign Trade: Part I by L. K. Jha	1	8	0
3.	India's Foreign Trade: Part II by L. K. Jha	1	0	0
4.	The Welfare State by T. W. Kent	1	0	0
5.	Foreign Capital in India by Taya Zinkin	1	8	0
6.	Industrial Labour in India by Dr. N. Das	1	0	0
7.	Japan's Post-War Industrial Recovery by Sherwood Fine	1	8	0
8.	Radical Humanism by M. N. Roy	1	8	0
9.	What Goes on in the U.S.S.R.? by "Odysseus"	1	4	0
10.	Communism and India by Philip Spratt	1	8	0
11.	India and The Free World	0	8	0
12.	India's Food Problem by P. A. Gopalakrishnan	1	4	0
13.	A Programme of National Education for India by Humayun Kabir	0	8	0
14.	Deficit Financing, Capital Formation and Price Behaviour in an Under-Developed Economy by V. K. R. V. Rao	1	8	0
15.	Men Without Work by Dr. N. Das	1	0	0
16.	Sea Power in the Indian Ocean by C. S. Venkatachar	0	8	0

ANNUAL NUMBERS

1.	India 1900-1950 and India in 1949	5	0	0
2.	India and the World and India in 1950	5	0	0
3.	"A Social History of the Indian People" and India in 1951	5	0	0
4.	"India and the Free World" and India in 1952	5	0	0
5.	"India in Asia" and India in 1953	5	0	0

The Eastern Economist makes a special offer

(a) Any set of publications of value Rs. 6 can be had for Rs. 5.

(b) Any set of publications of value Rs. 10 can be had for Rs. 8.

POSTAGE EXTRA

Special Enquries to:-

The Manager

The Eastern Economist Ltd.

52, Queensway, New Delhi

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi.

Editor:—E. P. W. da Costa, M.A. (Oxon.)

AIR FREIGHT EDITION

SECRETARIAT LIBRARY 1 1954 MADRAS GOVERNMENT

THE Eastern Economist

VOL. XXII. NO. 9. NEW DELHI: FEBRUARY 26, 1954. ONE RUPEE

CONTENTS

	Page
LEADING ARTICLES:	
BEFORE THE BUDGET	309
THE INDIAN RAILWAYS	311
LEGISLATION BY ORDINANCE	312
THE WEEK'S NOTES	313
Verdict on the Berlin Meeting; Conference at Geneva; Anglo-Soviet Trade; Next Step in British Guiana; Standardised Rates for River Projects; A New G.A.T.T. Plan and India's Request.	
WORLDGRAM AND NEWS IN BRIEF	317
A WINDOW ON THE WORLD	
Odysseus on "Whitehall or the Kremlin?"	321
LETTERS TO THE EDITOR	323
A DELHI DIARY	325
SPECIAL ARTICLES:	
THE RAILWAY OPERATING RATIO	326
AN INDUSTRIAL DEVELOPMENT CORPORATION	327
THE BUSINESS WORLD:	
The Steel Site	329
Indian Shipping Progress: A Difference in Views	329
A Tribute to a State Undertaking	330
BUSINESS NOTES	332
The Pricing of Ships at Visakh; Other Reliefs to Shipping; Jute Decontrol in the U.K.; Rural Banking in Travancore-Cochin; Rationalisation in Glass and Ceramics; Restoring the Role of *the Importer*; The Coastal Shipping Trade; Export of Iron and Manganese Ores; The Outlook for Textiles.	
COMPANY AFFAIRS	339
COMMODITY NEWS AND NOTES	340
CURRENT STATISTICS	343

The next issue of "The Eastern Economist" to be published on March 5, 1954, will be the Special Budget Number *priced Rupees Two* but supplied to subscribers without *additional* charge.

Before the Budget

THE Budget of the Indian Union for the year 1954-55 is to be introduced tomorrow, February 27. The Budget Number of "The Eastern Economist" to be published on March 5 will describe the situation, so to speak, after the event. There is, however, not a little to be said before the Budget; *there* has been no year except 1946—when conditions were wildly exceptional —when the Stock Exchanges have been in this state of almost unsuppressed fervour. In the last few months, many counters in the Stock Exchanges of Calcutta and Bombay have advanced by fifteen per cent; in the case of a few, like the Textile Machinery Corporation, Calcutta, the advance has been something like fifty per cent. The economic situation has certainly improved in the last two years, but there is hardly any student of economic affairs, here or abroad, who will be prepared to admit that the improvement has been as significant as the stock market indicators would imply, or that the improvement is material to something which has happened in the last three months. The situation

is one which cries out for explanation. Are there no adverse factors to be borne in mind to restrain the bullish fervour which has taken possession of speculative activity on the Stock Exchanges?

There certainly are some factors which need a somewhat heavier weightage than they have been given. Apart from the real possibility of a downturn of between three to five per cent in industrial production in the United States, there is the significant recession in India's own production since the peak of April 1953, which is marked in the official Interim Index of Indian Industrial Production at 140.6. Figures are not available beyond October, but it is significant that there is no month after April 1953 when the figure has reached the 140 mark. The actual figures for the General Interim Index are: May 131.1; June 132.6; July 136.2; August 130.9; September 136.9 and October 133.2. It is not unlikely that for the official year 1953-54 there will be only a small increase of organised industrial production beyond the figure for 1952-53.

Against this temporary stagnancy of industrial production, there are certainly some favourable offsetting factors. The first of these is the reduction of export duties on coarse and medium cloth and a general recognition that export duties will no longer be raised, and will, in the event of increasing international competition, be lowered. The second of these is a general expectation that import duties will not now be lowered and, partly under the pressure to provide employment, they will, if anything, be raised. The fact that the agreement of G.A.T.T. has been obtained to a raising of some duties by negotiation with the countries concerned has been taken to imply that in the Budget to be introduced tomorrow, several new import duties will be levied for revenue purposes. This result is highly probable. But whether it materialises at once or not, it is certain that the Indian economy is now likely to be hedged in by more import duties and fewer, or at least less stringent, export levies.

Again, there is no doubt that as the Plan proceeds, there is to be injected in the economic system not merely purchasing power, which will help consumption, but many full order books which will greatly help production. Indian industry has always come to life in the presence of plentiful finance and full order books. In World War II, it will be remembered that it was in just these conditions that Indian Industrial Production measured by "The Eastern Economist" Index (Base August 1939=100) moved up to a peak of 126.8 in 1943-44. The war conditions are returning. The Railways in particular have placed large orders on private industry apart from the construction of their new locomotives at Chittaranjan and Telco. That this utilisation of indigenous capacity will grow is not in doubt. But there is no indication that of itself it is enough to generate larger dividends. For costs have shown an unhappy tendency to rise even faster than gross receipts.

This is abundantly illustrated in the Railway Budget which was presented last week. In the Leading Article "The Indian Railways" which follows and in a Special Article "The Railway Operating Ratio" some significant features of the management of the Indian Railways are discussed. For the present, however, it is the general result which needs to be stressed. An increase in activity does by no means imply an increase in profits. The increase in rolling stock, engines and engine-making capacity has not brought a larger net surplus either to the Railways or to general revenues. The revised estimate for 1953-54 gives the net surplus to general revenues at Rs. 3.18 crores, the lowest figure in fifteen years. And this is not because gross traffic receipts have declined. Gross traffic receipts are running at an all-time peak of Rs. 272 crores.

The truth is that, whether one is in the public or in the private sector, it is becoming extremely difficult not to pass on to labour or to salaries or taxation (now largely indirectly as, for example, on petrol) almost everything one earns. Therein lies the major weakness in India's plans. We have overcome almost every financial obstacle in the way of development. Our foreign exchange resources are abundant; notwithstanding the Finance Minister's optimism on this point, there really is no prospect in a good agricultural year of utilisation of these resources except by a greatly enhanced plan. Our internal capacity is now seen to be much larger than was assumed, making the import of capital goods a far less significant factor in our industrial progress than was previously assumed. Indian management is acquiring rich experience and a large widening of outlook, particularly in respect of public relations. Salesmanship is still weak; but it is improving. Almost the only real defect lies in this absence of incentive for the undertaking of new enterprises where the risk factor is high.

This, and this only, should be the Finance Minister's problem tomorrow. For once, the problem of the Finance Minister will not be resources. On February 5, Central Government deposits with the Reserve Bank of India stood at Rs. 93.28 crores; it is likely that this figure will continue to be the order of these deposits on March 31, 1954. It will be remembered that on March 31, 1953, the figure was about Rs. 97 crores, implying that if we have deficit financed in cash rupee terms in the year 1953-54, it will probably be of the order of Rs. 4 crores only. When we remember that our average of foreign securities in 1952-53 was Rs. 697.9 crores and for the week ending February 12, 1954, it was Rs. 740 crores, India as a whole has been in this year a net exporter of capital of the order of Rs. 50 crores. It is quite impossible, therefore, for the Finance Minister to contend that he is short of overall resources which justify any increase of taxation of any kind.

The rupee problem remains. And this will become more acute when receipts from income-tax decline as they will on assessments for the years 1952 and 1953. The remedy for this situation is true deficit financing, and not deficit financing on paper. On paper, the Finance Minister was supposed to be deficit financing to the extent of Rs. 140 crores; except for the writing down of the value of food grains by the showing of a loss on trading account, there has been virtually no deficit financing and the chances are that unless there is a radical change to allow for enterprise in public spending, there will be no deficit financing in the current year. This points to only one conclusion.

If money is really to be injected rapidly into new investment, the concentration of investment in public hands is an error. Much more must be done on the lines of the new Industrial Development Bank or the proposed Industrial Development Corporation to get private enterprise also on the job. Finance by itself is not enough though it remains for the private sector a major hurdle. There must be reasonable guarantees that the rewards of investment will be available to the risk-taken and will not be dissipated in ceaseless demands for rises in wages which can easily defeat the incentive which is needed. The only real question involved in India's industrial progress now is the maintenance of this incentive. Will the Finance Minister recognise that his problem today is not to balance his budget, or to find resources, but only to see that it is attractive to use the resources which are available? Tomorrow will show.

The Indian Railways

THE Budget of the Indian Railways introduced by Mr. Lal Bahadur Shastri on February 19 was one of the most colourless records of work that has ever been placed before an Indian Parliament. In the Minister's speech there was to be found no enthusiasm anywhere; this all too correctly reflects the broad feeling throughout this grand enterprise, in mileage the largest single Railway management in the world. There have been spectacular successes such, for example, as the great progress made in Chittaranjan, comparable in some respects to the work done on the Assam Rail Link in a previous year. It is true Chittaranjan could have done even better if some of its jigs and fixtures had been placed outside at the beginning instead of pursuing a rigid self-sufficiency which has prevented its beating its schedule as did the Assam Rail Link. Nevertheless, here was a task over which the Railway Minister and the House might have become enthusiastic. The Railwaymen all over India, with grievances enough because of wooden administration here and there, need this encouragement. There was almost no warmth to be found in the Railway Minister's speech. Much of the trouble on the Indian Railways today is that there is no imaginative and inspired leadership. The Railway Minister must take responsibility for the loss of morale among his men.

The truth is—and this should be frankly faced—that the Railway Minister is too heavily engaged on Congress party politics to be a really efficient Railway Minister. He has, it is true, a special place in Congress politics. With a reputation for integrity which is justly high, he commands, particularly in the politics of Uttar Pradesh, opportunities for effecting political compromise which are vouchsafed to no party politician other than the Prime Minister himself. It is wholly wrong, however, that the Minister of Railways should be spending so much of his time on politics, and it is wholly wrong that he should not today have a much more critical hand in the activities of his Ministry than was displayed in this Budget Speech. That the Railway Minister should have made light of the fall in traffic receipts and relatively light of the rise in working expenses arises from a simple fact that he is unable, because of his strictly amateur status, to lay his hands on the weaknesses in the technical working of the equipment committed to his charge.

Two facts cry out for explanation. One concerns receipts. The gross traffic receipts on Indian Railways have fallen in money terms from Rs. 290.81 crores in 1951-52 to Rs. 272 crores in 1953-54. It is true that of the difference, Rs. 15.01 crores represents a difference in accounting, being freight charges on Railway materials which have been eliminated from the financial accounts from 1952-53. Nevertheless, there has been a drop in gross traffic receipts of Rs. 5 crores at a time when average industrial production was about 10 per cent up, and when Railway statistics show there were 75 more engines and over 6,000 more wagons on the lines. If passenger traffic was down, it surely should have been possible to carry more freight, it being clear, particularly in respect of coal, that Railway loadings remain far from completely adequate. Even a gentle probe into the figures for equipment in terms of earnings will show that there has been a deterioration in operation in the year.

Far from admitting this fall in operation, there is a specific claim in a booklet published with the Budget papers on "Review on Working of the Regrouped Railways" that there has been an improvement. This pamphlet is a terrible distortion of the true operational picture between the two years, but it cannot help showing that on goods trains engine miles per day have been down for both broad and metre-gauge trains. It might be added that the speed of "all goods" trains has come down from 10.7 miles per hour to 10.4 miles per hour on the broad gauge, and from 9.22 miles to 9.14 miles on the metre gauge. And yet, nowhere is the conclusion drawn that operation after regrouping is worse, not better, than before.

It is significant that neither in the Railway Minister's speech nor in any of the Budget papers is to be found any reference to wagon turn-round, Hitherto every Budget speech sought to display prominently that main indicator of operational efficiency—the comparative figure for wagon 'turn-round'. The omission of 'turn-round' figures can have only one explanation. The turn-round figures have deteriorated. Therefore, they have been hidden. Members of Parliament must demand that these figures should be presented in a form which admit comparison with previous years.

The second significant factor arises from expenses. The Railways certainly can be excused for the extra expenditure of Rs. 3.15 crores arising from the implementation of the Gadgil Committee's recommendations. The benefit of merger of half of the dearness allowance in the basic rates of wages, which had been granted to other Central Government employees, could not be withheld from Railwaymen. But right through the recent years successive concessions have been made to Railway employees in the matter of wages and pay. They were made distinctly on the reasonable expectation that liberal scales of wages and allowances would certainly be repaid in the form of improved efficiency. Statistics of operations on the Railways revealed only five years back that the productivity of labour as measured by the criteria of train miles, vehicle miles, gross ton miles and traffic units recorded an astounding decline from 100 in 1938-39 to 69.38 in 1948-49. In a transitional phase when traffic receipts have commenced declining, it is surely obligatory on the Railway Ministry to launch a vigorous drive for recovery of the pre-war per capita labour productivity. How the situation now stands in relation to labour productivity is comfortably left to imagination. The omission in the Railway Minister's speech to disclose this vital fact constitutes another departure from the healthy precedent set by his predecessor in office. Parliament as well as the tax-payers must be taken into confidence on this important issue.

The extra bill of expenditure on other counts also demands more explanation than the Railway Minister has considered adequate to offer. The excess of Rs. 7 crores in the fuel bill over 1948-49 cannot be excused on the ground of additional train services. The appointment of the Railway Fuel Enquiry Committee contains an implicit admission of wasteful expenditure on coal. The last Budget Speech succeeded in putting off a probe into this excess with a promise of substantial economy pursuant to the implementation of the proposals of the Driver Committee in its interim report. The House must call for an explanation of that assurance. Of the diverse items of expenditure which need vigilance, the allocation of over Rs. 66 crores to repair and maintenance certainly requires priority. Other ingredients of expenditure are equally important. A mere expression of anxiety over the mounting trend of expenditure out of proportion to revenue surely leaves not a little unsaid.

Legislation by Ordinance

THE promulgation of seven Ordinances during a brief parliamentary recess of less than two months—including one measure of taxation—has at last proved the last straw for Parliament which had suffered for some time in silence the liberal use of the emergency powers of legislation permitted under Article 123 of the Constitution. If all the laws enacted in the last few years in the first instance through an Ordinance and ratified later by the Legislature, were viewed together, there could be no doubt that only a small fraction of the number would show the existence of reasonable grounds of urgency for their enactment in that manner. They revealed a tendency which could be regarded at best as the growth of habitual inertia in planning the Government's legislative programme for each parliamentary session or at worst, as attempts of the Executive to present Parliament with a fait accompli in each case, much restricting the scope for amendments and modification, if not of complete rejection. The most important thing to be remembered about last week's debate in the House of the People on the Government's use of the Ordinance-making powers is that it was not a premature or hasty attempt of a House jealous of its powers to take the Executive to task for trespassing on its authority. It came after a long period of sufferance, and while those who criticised the Government were unequivocal and emphatic, there was still a commendable non-partisan approach to the question.

This approach was facilitated because a division in the House on this issue was dispensed with and the Speaker's ruling showed an anxiety to establish constitutional propriety and conventions rather than to create opportunity for an attack on Government. While the two main speakers on the motion in the House—Dr. A. Krishnaswami and Dr. Lanka Sundaram—ably defended the dignity of the House against the affronts to it presented by the Executive, the strength of the case was impressively shown in the strong criticism by Mr. Thakur Das Bhargava from the Congress benches and the candour of the Finance Minister in conceding that administrative delays and lapses alone made these Ordinances necessary. The Home Minister alone proved to be an unrepentant apologist for the Government's contravention of constitutional propriety. Dr. Katju relied only on the letter of the Constitution which enabled the exercise of the powers under the safeguards provided. But it was not the letter of the Constitution that was in question. The case against the Government rested entirely on the ground that in invoking the literal meaning of Article 123 of the Constitution, it was grossly violating its spirit. That case was proved to the hilt.

Article 123 does not actually require the existence of an emergency as such. It only stipulates that either House of Parliament should not be in session and that circumstances should exist which render it necessary for the President to take immediate action, before an Ordinance could be so promulgated. It was easy, therefore, for Government to take shelter under a provision so widely worded. The power, read with the limitation that the Ordinance should cease to operate at the expiration of six weeks from the re-assembly of Parliament unless approved by both Houses, would show that an Ordinance was not a ready substitute for the normal legislative process, as indeed it could not be under the full-fledged parliamentary democracy set up by the Constitution. That the provisions were so abused as to enact a measure of taxation of the pilgrim traffic to Kumbh Mela proves the extremity of the violation. It was improper for two reasons. It made the Executive, not the peoples' representatives, decide on taxation, which is repugnant to all democratic notions and would have been reprehensible even if Parliament had been asked to approve of it subsequently. And in this case, it was worse, because there was no necessity to seek such approval at all, the measure having served its purpose during its brief career. The stark fact is that the Executive has levied taxation on its own, ostensibly on the plea of administrative delays caused in deciding upon the measure. It would be no unwarranted insinuation to suggest that the prospect of completely by-passing Parliament in such cases could prove too good a temptation to be resisted.

The precedents invoked by the Finance Minister were not relevant so far as they dated earlier than the present Constitution. The two other instances—the Hardwar Kumbh Mela and the Additional Cloth Excise Duty—only establish the point made earlier that Parliament has not been too alert in establishing its rights all along. Its earlier tolerance cannot be an argument against a move to check the increasing breach of constitutional propriety, later if not sooner. Actually, however, no rigid convention for future guidance has been drawn up on this occasion. The expression of strong parliamentary disapproval must alone restrict the extent of the Executive's resort to Ordinances in future. There can, however, be no great harm done to the smooth functioning of Government if the Executive is prevented wholly from resorting to special powers in order to levy taxation. In the other types of cases, its own sense of moderation and more scrupulous regard for constitutional propriety should be trusted to serve as guides to policy.

Opinion within and outside Parliament has even swung in favour of creating agencies for scrutiny of each Ordinance before it is sought to be promulgated. This view derives strength from the fact that what is sought thus to be circumscribed are not the powers of the President—who does not actually decide whether or not circumstances warrant the issue of an Ordinance—but of the Cabinet by whose advice he is always bound. But the effectiveness of an agency like a committee of Parliament in exercising such prior check is open to doubt. The demand of the Executive, when it comes after administrative lapses in placing measures before Parliament in sufficient time, will generally prove irresistible and a committee with an official majority cannot be expected to offer serious resistance to such proposals. At the same time, the approval by such a committee is apt to lay the flattering unction to the Executive soul and enable it to derive strength and justification against subsequent parliamentary criticism. A remedy on such lines may perhaps prove worse than the evil itself.

The Executive must be left to its own resources to avoid lapses of the kind which prevent measures from coming before Parliament in the first instance. The Home Minister had no valid excuse to offer for the Press Bill's not being placed before the Business Advisory Committee at the earlier session. In a situation of that kind, parliamentary traditions would demand a mood of humility, a plea for mercy rather than an unrepentant challenge. The oftener a Minister has to approach Parliament in such a mood, the greater would be the vigilance with which he would seek to avoid a repetition of such occasions. Last week's debate has clarified the issue and entered a timely protest. It remains for Government to take note of it and avoid exploiting parliamentary recesses to get through measures which bear no trace of urgency in any real sense.

THE WEEK'S NOTES

VERDICT ON THE BERLIN MEETING

The verdict on the Berlin Conference is bound to be a mixed one The agreement on the convening of a Conference at Geneva on April 26 is likely to be held as sufficient vindication of the view that top-level meetings are bound to pave the way for eventual understanding so long as they are not bogged down on differences over agenda and procedure. On this view, the agreement of the Western Powers to sit with the Peking Government to discuss the two specific Far Eastern questions would be regarded as a great step forward. But, at the same time, the failure to agree on a clear-cut issue like that of the Austrian peace treaty is depressing. The Western Powers went far out of the way to meet Russian demands, only to discover new objections and obstacles. Austria was prepared to secure her freedom and independence even by accepting a heavy economic burden of reparations in real terms and the stationing of Four-Power troops until June 1955. But M. Molotov's fresh counter-proposals would have involved the retention of foreign troops in Austria for an indefinite period and restrictions on Austrian freedom in foreign relations—conditions which made a peace treaty meaningless.

It is not, however, the actual proposals on Austria or the impossible conditions suggested for German unity that are so important as the feeling now created that Russian objectives have not substantially changed. There has been the same insistence on the prevention of the E.D.C. materialising, on the disbandment of N.A.T.O. and on the withdrawal of American troops from Europe; in other words, on the promotion of European disunity. Further exchanges of views among the four Powers, promised in the final communique of the four Foreign Ministers, on the questions of disarmament or substantial reduction of armaments cannot make headway so long as these attitudes are not substantially modified. M. Molotov has, however, expressed the satisfaction that there has been a correct understanding of the views of the four Powers and if he was impressed by Western solidarity sufficiently, he may be able to refrain from planning for serious tactical reverses for the Western Powers in future talks, and concentrate on exploring areas of agreement. The Conference has not, as expected, succeeded in its main objectives but it has not been a total disappointment.

CONFERENCE AT GENEVA

The Berlin Conference of Foreign Ministers began with an emphatic rejection of he Russian suggestion of a Big-Five Conference, including China, to discuss world tensions but ended with a decision to hold a Conference at Geneva, with China at the Conference table, to discuss two specific subjects now causing tension. It sounds a fair compromise and one that bypasses many ticklish issues that complicated the question of convening a Korean Political Conference. Mr. Arthur Dean's refusal to negotiate with the Communists until they withdrew the perfidy charges, and the latter's refusal to retract their statements, were not the least of the hurdles. The other deadlocked issue was the status of the Soviet Union at the Political Conference; at Geneva, Russia will not be present as a belligerent, as the U.S.A. had insisted, but as one of the Big-Four inviting Powers. Thirdly, the old controversy whether the Conference table should be round or rectangular has also been solved by ignoring all references to the two sides. All the parties concerned will now gather at Geneva, on the 26th April to consider a peaceful settlement of the Korean question. The Big-Four Agreement, however, provides only for the attendance of the Powers with forces in Korea, and not of neutrals as the Chinese and North Korean Governments have demanded. Though the United States has won its point that the Conference would not involve recognition of the Peking regime, Russia has been able to show that there is a 'quid pro quo' in this matter because she would not be recognising the South Korean and the Indo-China Associated States Governments.

The reactions in Peking to these proposals have to be watched. The definition of the term "interested" States in relation to the Conference on Indo-China has to be clarified. Even if these hurdles are crossed safely, there is no reason to feel that these two major problems would provide scope for a settlement. There is no reason to feel that Korean unity and independence will be more successfully tackled than the problem of German unity. The Conference on Indo-China would, however, meet the desire of a large number of French politicians to seek a negotiated settlement in Indo-China. The Russian intention may be to hold out the prospect of such settlement in order to destroy French willingness, where it exists, to ratify the E.D.C. and at the moment there appears to be sufficient basis for the success of Russian calculations.

ANGLO-SOVIET TRADE

The attractive opportunities for increased Anglo-Soviet trade, which M. Kabanov, the Soviet Minister of Foreign Trade, held out to visiting British business men at Moscow appear to have been greatly exaggerated with a view to proving that the ban on export of strategic materials to the Communist countries is a serious obstacle. The anxiety in Britain and indeed in Western Europe, for improving East-West trade has naturally been heightened by the uncertainties about the future level of the American economy and the dim prospects for the reduction of U.S. tariffs, despite the recommendations of the Randall Commission. But on the most optimistic calculations of the prospects for increased trade, it is difficult to see any basis for the Russian offer to place orders in the United Kingdom for 4,000 million roubles (or £400 million) in three years from 1955 to 1957. Mr. Heathcoat Amery, speaking in the House of Commons last week for the Board of Trade, estimated that rather less than half of the business proposed would be free from strategic controls. The value of even that level of trade would be about £180 million, which is quite a substantial figure. The question that arises is how Russia would finance such a high annual level of trade, which will be six times the post-war peak exports from Britain of £10 million in 1950.

It is unlikely that it would be financed for the major part by transfer of gold, though Russia holds substantial gold stocks and has already met last year's deficit by sending gold to the U.K. Russia has in the past found a ready market in the U.K. for her food grains, and exports of a million tons of grain, if she can manage it, may pay for the bulk of the imports of non-strategic British goods. The chances of such grain exports are not bright, firstly, because of the recent dissatisfaction over Soviet agricultural production and, secondly, because of the decision of the Malenkov regime to increase internal consumption levels. Britain may also have to reconsider the question of grain purchases from the U.S.S.R. in view of the present surplus in the rest of the world and the prospects of obtaining grain at much lower prices than before. At the moment, however, it is reported that £16 million worth of contracts have been signed in Moscow and that other contracts for £48 million are under negotiation. These negotiations have had official approval though they do not directly concern the U.K. Government. A better appraisal of the position is expected when the business men return from Moscow.

NEXT STEP IN BRITISH GUIANA

The reception accorded to Dr. Cheddi Jagan and Mr. Burnham at Georgetown was an indication of their continued popularity and the next few weeks would show how far the P.P.P. can agree or secure sufficient support for its programme of non-co-operation. The Governor of British Guiana has, however, made the best use of the interval in completing the plan for the development of the colony. There is no doubt that the moral of the recent events has been fully realised by the colonial administration. The difference it would now make to the development plan, which has been long talked about, must be seen in the readiness to remove obstacles placed by local interests.

The programme of development, for which Sir Alfred Savage, the Governor, has secured approval in London involves an expenditure of £9 million in the next two years—£3 million for transport and communications, £2.5 million for agriculture and forestry, £2.5 million for social development, mainly housing and £1 million for agriculture and industrial credits. It is reported that the Governor secured a wholly unexpected extent of financial assistance from the British Government. There has been an additional grant of £3,125,000 from Colonial Development and Welfare Funds and promise of facilities for loans to be raised in London up to £3,417,000. This is in addition to the resources already available (including sugar funds of £500,000) of about £2.5 million from unspent loans and general revenues. This special development expenditure has to be compared with the colony's normal revenue expenditure this year of £6 million. The plan is regarded in some quarters as too ambitious, though financially feasible. If the P.P.P. can, in spite of its sullen discontent, refrain from obstructing the implementation of the programme, or better still, offer constructive co-operation, it can make a real difference to the welfare of the people. A per capita investment of £20 in two years cannot be dismissed as a meagre or intangible contribution to the development of the colony.

STANDARDISED RATES FOR RIVER PROJECTS

The river valley projects are, like Oliver Twist, always asking for some more. The demands in Parliament for supplementary grants last week included additional amounts of Rs. 4.60 crores as Central loans for irrigation purposes. The Bhakra Nangal project alone required Rs. 6.76 crores over the sum of Rs. 23.65 crores originally allotted in the Budget; Rs. 84 lakhs was the additional appropriation needed by the D.V.C. over Rs. 10.90 crores allotted before. The net additional has, however, been smaller because of the saving of Rs. 3 crores in the Hirakud project from the original appropriation of Rs. 11.72 crores, due to difficulties that have arisen in maintaining the schedule of operations. There has, however, been sufficient ground for viewing with concern the rising estimates of expenditure for the river valley projects. The reasons for such periodical increases, which are unrelated to the pace of progress of the construction of the projects, certainly need investigation before the Planning Commission starts considering the projects to be undertaken in the second Five-Year Plan. A Committee has now been appointed by the Government to study the major projects under construction in the country and to report within three months a basic schedule of rates for river valley projects.

There has always been a great deal of underestimation of project costs at the time of the preparation of the estimates, partly because of lack of information and partly with a view to securing the immediate sanction of the Planning Commission and the Government to the inclusion of projects in the Plan and for making a beginning thereon. It is time to discover whether there is any basis for the wide variations in the schedule of rates adopted by the State Governments so that there can be an independent check on the estimates presented. If the major items can be standardised and the causes making for local variations understood better, it should be possible to regulate development expenditure, without upsetting the ways and means position of the Government constantly. The terms of reference of the Committee are comprehensive enough and its findings will be awaited with interest.

A NEW G.A.T.T. PLAN AND INDIA'S REQUEST

India's recent request for permission to re-negotiate the agreements with the contracting parties to G.A.T.T. with a view to raising tariffs may sound odd in the context of the objective of G.A.T.T. steadily to reduce tariffs. The objective, however, is to prove to the Contracting Parties that higher tariffs without import controls and quotas would be more consistent with the objectives of G.A.T.T. than lower tariffs with exchange and quantitative restrictions. The liberalisation of imports along with lower tariffs would, it is feared, injure domestic industry and cause strain on exchange reserves, whereas free imports with a fair tariff margin could make available to the consumer a variety in the quality of goods which could spur domestic manufacturers to improve standards, without causing severe competition or involving serious strain on the balance of payments. It is quite possible, however, that the actual negotiations will be difficult in cases where exporting countries fear contraction of demand because of tariff increases.

Within G.A.T.T. itself there has been an anxious search for a new approach to tariff reduction because of the weak negotiating position hitherto of the countries which have relatively low tariffs. These countries could only bind themselves to keep these low rates, which enabled the high-tariff countries also to stand firm on their own tariffs. The French plan for tariff reduction, as modified and presented at the Eighth Session of the Contracting Parties last October, proposes that all participating governments should reduce the protective incidence of their tariffs in accordance with a common standard. Mutual advantage of the Contracting Parties is to be judged not by concessions on specific items as hitherto, but by a comparison of the overall reductions under a common standard. The plan requires efforts proportionate to each country's tariff level, with an obligation not to exceed given levels on specific items. The plan is now before the individual Contracting Parties for eliciting opinion and support and it is believed that it could be put into operation when the main trading countries of North America and Europe accept it.

THE HIND BANK LTD.
9, ROYAL EXCHANGE PLACE, CALCUTTA.
FOR COMPLETE BANKING SERVICE
SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 22,00,000
Connections in all principal centres of the world
Chairman Mr. K. P. GOENKA
General Manager Mr. S. D. PARDIWALLA.

New inventions, new exhibits, new facilities make 1954 BIF most interesting yet seen

BIF

WORLD'S GREATEST NATIONAL TRADE FAIR
WILL REFLECT BRITAIN'S INCREASING PRODUCTION
STOP MANY NEW EXHIBITORS WILL SHOW
MOST ATTRACTIVE GOODS STOP WISE TO CHECK ON
WHAT BIF CAN OFFER BEFORE BUYING ELSEWHERE
STOP FAIR OPENS THIRD MAY RESERVE
TRAVEL AND HOTEL ACCOMMODATION EARLY

BRITISH INDUSTRIES FAIR
MAY 3—14 · LONDON · BIRMINGHAM
Information is obtainable from the United Kingdom Trade Commissioner at Delhi, Calcutta, Bombay or Madras.

"Five wonderful years ! Time to build, time to create. For my child it will bring health, free schooling. For my family, security . . . may be, with hard work, a home to call our own !"

Nearly a quarter of the funds of the Five Year Plan will be used in increasing, improving and widening the scope of our Social Services. Rs. 425 crores will go to raising the standard of living of the people, training 13,000 new doctors, 20,000 new nurses and midwives. By 1956, more than 60% of all children over six years of age will be in our 2,02,142 primary schools. This long-range planning makes manifest our faith in the future. Here, indeed, is . . .

a pledge to posterity

Lakhs of tons of Steel will be used to implement the many diverse projects of the Plan. And so, in numerous significant ways Steel will provide the foundations for a richer, more rewarding future for our nation and our people.

THE TATA IRON AND STEEL COMPANY LIMITED



WORLDGRAM

TRADE

Supply and Prices of Goods Act, 1950: The Supply and Prices of Goods Act, 1950, lapsed recently. As a result of the controls instituted under this Act in respect of non-ferrous metals, caustic soda, soda ash and sulphur cease to be operative. While Government have the necessary powers to exercise control over these under the Industries (Development and Regulation) Act, they consider that in the improved condition of availability the controls are no longer necessary and they have every hope that the conditions which necessitated their imposition will not recur.

* * * * * * *

Customs and Excise Revenue in Indian Union: According to the returns received in the Department of Commercial Intelligence and Statistics, the total gross sea and land customs revenue collected in India during the months of August, September, October and November, 1953, amounted to Rs. 1,206 lakhs, Rs. 1,449 lakhs, Rs. 1,205 lakhs and Rs. 1,336 lakhs respectively. Of the total customs revenue collections, import duties accounted for Rs. 914 lakhs, Rs. 1,016 lakhs, Rs. 901 lakhs ann Rs. 998 lakhs; export duties for Rs. 273 lakhs, Rs. 408 lakhs, Rs. 276 lakhs, and Rs. 313 lakhs and land customs and miscellaneous for Rs. 10 lakhs, Rs. 25 lakhs, Rs. 28 lakhs and Rs. 25 lakhs during the months of August, September, October and November, 1953, respectively. The total gross collection of Union excise duties amounted to Rs. 707 lakhs, Rs. 756 lakhs, Rs. 735 lakhs and Rs. 767 lakhs during the months of August, September, October and November, 1953, respectively. During the eight months, April to November, 1953, the grand total of gross customs and Union excise revenue realised was Rs. 16,572 lakhs as compared with Rs. 17,648 lakhs during the corresponding period of the preceding year. Of this amount, import duties accounted for Rs. 7,660 lakhs as against Rs. 7,941 lakhs, export duties for Rs. 2,659 lakhs as against Rs. 3,848 lakhs, land customs and miscellaneous for Rs. 171 lakhs as against Rs. 272 lakhs and Union excise duties for Rs. 6,082 lakhs as against Rs. 5,587 lakhs.

* * * * * * *

Export of Imported Goods to Nepal: The Government of India have decided to relax existing restrictions on export from India of the imported goods purchased in this country and sent out to Nepal through trade channels. Union Finance Ministry has requested State Governments of Bihar and Uttar Pradesh to issue instructions relating to movements of the goods on these lines across Indo-Nepal border. Henceforth, it is stated no customs duty will be charged on foreign duty will be charged on foreign goods at the Indo-Nepal border previously imported in India and no licence will be required under Export Trade Control Regulations.

* * * * * * *

Export to Burma: In September 1953, the Union Bank of Burma, Exchange Control Department, Rangoon, had issued instructions to all authorised dealers in foreign exchange that their correspondents overseas should be instructed not to negotiate any drafts or bills relating to imports into Burma unless the relative shipping documents were accompained by a survey report furnished by an official surveyor or a firm of official surveyors in the country from which the goods are consigned. Information has now been received that the Union Bank of Burma has suspended the enforcement of their order regarding the production of survey certificates up to March 31, 1954.

INDUSTRY

$6,500,000 Order for U.K. Electrical Manufacturers: Three British electrical equipment manufacturers—Ferranti, the General Electric Company, and British Thomson-Houston (a subsidiary of Associated Electrical Industries)—share an initial order of $6.5 million placed by a New York firm under its offshore-procurement prime contract with the U.S. Navy Department. Further orders worth many millions of dollars are expected to be placed shortly. The three firms will manufacture electronic equipment and associated test gear in the United Kingdom. It will be installed in ships and ground stations as part of the North Atlantic Treaty Organisation defence system. It is estimated that these initial orders will take two-and-a-half years to complete.

* * * * * * *

The Indian Cable Company: The Indian Cable Company, pioneers in the manufacture of Electric Cables in India, have produced a handy pocket-sized booklet, which they have named Indian Cables and Tables. This booklet which for the first time in this country brings all the technical information required by all those in and connected with the electrical trade in a handy and concise form can be rightly called a symposium of technical data containing as it does the latest tables of the Indian Specifications as they concern Copper, Aluminium, A.C.S.R., and Rubber Cables and in addition much essential information on testing installations, I.E.E., Wiring Regulations, Voltage Drop and Power Factor correction. This booklet of 60 pages is being distributed to all Architects, Builders, Electrical Engineers, Indenting and Purchasing Officers.

* * * * * * *

Commonwealth Pavilion at British Industries Fair: India will be the biggest exhibitor in the Commonwealth pavilion of the British Industries Fair in London (May 3 to 14), with a prominent site occupying 4,000 square feet. For the second year in succession the Commonwealth section—always one of the most spectacular in the Fair—breaks its own record for size. This year it will cover 12,000 square feet, as against 9,000 last year. The displays will surround a decorative and colourful centre court arranged as a spacious lounge. Making a first appearance will be the newly founded Federation of Rhodesia and Nyasaland. Canada will be exhibiting a special display of its high-grade furs and fur garments. British Guiana and most of the British West Indies islands will have a composite stand.

* * * * * * *

Twin-Twisted Steel for Building Economy: C.B.R.I.s Work: A small plant for the production of twin-twisted steel, in working condition, has been prepared by the Central Building Research Institute. The process consists in twisting two mild steel bars of equal length and diameter into one twisted unit whereby the strength and other qualities of reinforcing steel are considerably improved. By this process of cold deformation the yield strength of the ordinary mild steel is raised by 50 per cent over that of plain mild steel bars. The building regulations of almost all Western countries allow a 5 per cent increase in the working stresses of this steel. In other words, two tons of the twin-twisted steel do the work of three tons of ordinary mild steel. A saving of one-third of reinforcing steel can thus be obtained. A capital expenditure of approximately Rs. 50,000 is usually required for the plant producing twin-twisted bars. Through a simplification in this production process, the Central Building Research Institute evolved a small plant of simple equipment made in a local workshop for a cost of less than Rs. 2,000. This opens up the possibility of making twin-twisted bars with small capital expenditure so that the process could be used on all major construction jobs with a considerable saving of steel.

FINANCE

Devaluation of the Piastre: Indo-China's banks recently suspended transfer of money abroad by French military personnel, according to authoritative financial sources. The sources made the statement following current reports that the French Government contemplated a new devaluation of Indo-

China's piastre. The sources said they did not know why army transfers had been temporarily interrupted. Civilian funds continued to be transferred as the exchange control service received the order to block only army funds, the sources stated. French official sources denied that the Government contemplated any new devaluation. The last devaluation took place on May 11, 1953, when the piastre fell from 17 to 10 francs. It hit all classes of Indo-China's population and had serious political consequences.

* * * * * * *

Shroff Committee to Submit Report in April: Mr. B. T. Thakur, Member of the Shroff Committee, said recently that the Committee would be submitting its report early in April. The Committee was appointed by the Reserve Bank of India with the approval of the Government of India last October to examine how increased finance could be made available to the private sector of industry through sources other than those which were under the consideration of Taxation Enquiry Committee at present. In particular, the Committee would examine the possibility of providing on a larger scale bank finance for development in this sector. Mr. Thakur said that the Committee already had four meetings, one each in Calcutta, Delhi, Bombay and Bangalore. The final meeting of the Committee would be held at Madras during the next two days. Headed by Mr. A. D. Shroff, the Committee includes, besides Mr. Thakur, Mr. V. Joshi, Mr. S. Anantharamakrishnan, Mr. C. W. Middleton, Mr. V. R. Sonalkar and Mr. B. K. Dutt.

* * * * * * *

Afghanistan to Invite Foreign Capital: The Prime Minister of Afghanistan, Mohammad Daud Khan, said that his Government would encourage foreign capital to mix with Afghan capital within the framework of suitable regulations and laws. It served no purpose for a nation to have its doors closed to foreign help, he said. The Prime Minister, who was addressing a meeting of the Chamber of Commerce said that for making progress, co-operation and mutual help from other nations was necessary. He advocated an economic policy which promoted production and gave all classes just advantage.

AGRICULTURE

Coconut Pest Control: India has been selected as one of the countries for a research project for the biological control of insect pests which cause damage to coconut palms, it was announced recently. An expert from the Indian Agricultural Research Institute in New Delhi, Mr. T. V. Venkataraman, has been appointed as entomologist in this research project. Mr. Venkataraman is to establish a laboratory in the main coconut area in South India to study factors which determine the population levels of some of the coconut pests in India with special reference to possible biological control by means of parasites, predators or diseases which can be transferred from India to the Pacific. The research project is expected to produce results of value not only to the Pacific region but also to India, which has a large acreage under coconut palms.

* * * * * * *

Agricultural Experts Meeting: Meetings will be held at Jalsalmer House in New Delhi from Tuesday for three days between the Agricultural Experts of the U.S. Technical Co-operation Mission and officials of the Union Ministry of Food and Agriculture, the Community Projects Administration and the Ford Foundation to discuss ways and means for more effective assistance in agricultural development in India. The subjects proposed to be discussed at the meetings will deal with plans for propagating the Japanese method of paddy cultivation in 1954, the country's agricultural productivity in relation to its population, agricultural research, extension and education programme under the Ministry of Food and Agriculture, improving the efficiency and increasing the utilization of T.C.M. assistance, fertilizer research and demonstration, and agricultural information and audiovisual aids.

* * * * * * *

Food Cultivation on Rubber Estates: The Ceylon Government has decided to enforce food cultivation on all rubber estates of 35 acres or more. Tea estates already come under this order. Food production on rubber estates was enforced during the last war but stopped in 1949 because of uneconomic rubber prices. Estates unable to cultivate the prescribed 12 per cent with food crops can instead contribute Rs. 10 an acre to a food production fund.

* * * * * * *

Indian Agriculturists Start Farm Operations in Ethiopia: A team of eight Indian agriculturists recently arrived in Ethiopia to start experimental farming on Ethiopian soil. This batch of Indian farmers is the vanguard of a team of 20 Indian agriculturists, who according to existing plans, are expected to start agricultural operations in this country in the near future. Two of the eight men are graduates from an Indian University and have already had experience of scientific farming in India. Out of the rest, one is a carpenter and another a blacksmith, besides being experienced farmers. The average age of these men is 30 years. The agriculturists are financing the scheme themselves, and land is being allotted to them by the Ethiopia Ministry of Agriculture.

MISCELLANEOUS

U.S.A. to Equip Thai Forces: Thailand will soon have an American-equipped home defence force as a second line of defence force to her regular armed forces. A Bill passed by the National Assembly authorizes the Government to recruit persons between the ages of 18 and 55 who are not already connected with some form of military or police duties in the new force. To be known as the Territorial Voluntary Defence Force, it will be a purely voluntary organization with an allowed strength of up to 100,000. The strength of the regular army is about 60,000. There were reports recently that the Government was planning to double its regular army strength in view of the menacing international situation along her borders. These reports, mainly emanating from outside, have been unofficially denied. The plan to raise a voluntary defence force which will, in effect, be a home guard in peace-time and become automatically part of the army in war-time or any threatened aggression against the country, was perhaps behind the foreign reports of an expanded army. The Thai Government has asked the U.S. Government to supply the latest arms and equipment to the volunteer defence force. The Government plan is that the voluntary force should be so trained and equipped that it will not be inferior to the regular army in any respect. But it has been explained that arms will not be issued to the force except as part of its training.

* * * * * * *

U.N. Railway Training Centre in Lahore: Britain, France, U.S.A., the Netherlands and Japan are contributing equipment to a United Nations Railway Training Centre now being established in Lahore, Punjab (P), the Treasury announced recently. Government manufacturers of Britain are giving 26,000 worth of modern signalling equipment. Supply of batteries and cable is also being considered. The centre is a joint venture by the U.N. Technical Assistance Administration and the Economic Commission for Asia and the Far East (E.C.A.F.E.) and it will give training in the latest methods of operating railways for students from all the countries which are members of the E.C.A.F.E. Half the cost of the signalling equipment is being borne by the British Government under the Technical Co-operation Scheme of £2,000 million six-year "Colombo Plan" for the economic development of South and South-East Asia. The Pakistan Government will provide buildings for the centre. Mr. R. E. A. Rogers, Deputy Chief Signal Engineer of the British Transport Commission, has been appointed principal lecturer for the centre.

NEWS IN BRIEF

INDIAN

Further grants and loans amounting to about Rs. 195,000 have been sanctioned by the Government of India for the development of handloom industry in the States of West Bengal, Orissa, Uttar Pradesh, Saurashtra, Ajmer and Madhya Bharat.

* * * * * * *

According to a Commerce and Industry Ministry Press Note, controls instituted under the Supply and Prices of Goods Act 1950, in respect of non-ferrous metals, caustic soda, soda ash and sulphur will hereafter cease to be operative with the lapsing of the Act last week.

* * * * * * *

Shri G. D. Birla, a prominent Indian industrialist, has offered a donation of Rs. 14,00,000 to the Chief Minister of West Bengal, to establish an agricultural college and hostel in West Bengal. The proposed college will, it is learnt, be located in Haringhata, where the State Government already has a dairy agricultural farm.

* * * * * * *

Negotiations for the sale of 6,00,000 tons of surplus Burma rice to India are reported to have been concluded. The sources said that this rice will finally settle Burma's financial debt to India. The debt represents the assets of the Government of India transferred to Burma on its separation in 1937. Both in Government and private circles there were fears that the non-sale of surplus rice may affect the new crop and lead to economic hazards in Burma.

* * * * * * *

Miners numbering 4.5 million will down tools from March 1, unless the Government of India announces a Conciliation Board for adjudicating their various demands. Strike notices have already been served on more than 50 per cent of the thousand collieries in India. The demands of the workers include increase in pay and dearness allowance, introduction of grading system and other service amenities.

* * * * * * *

The All-India Khadi and Village Industries Board has planned to spend Rs. 12 crores this year for development of khadi and small-scale industries all over India. The Board is expected to receive Rs. 3 crores from the mill cess fund for intensifying khadi production. It is believed that the serious rural unemployment situation could be counteracted to a great extent by intensification of khadi production and expansion of cottage industries.

* * * * * * *

The Ministry of Works, Housing and Supply has examined slum-clearance schemes submitted to it by several States, most of whom, however, are understood to have urged subsidies and not loans to implement them. The Planning Commission had suggested in its report that out of a provision of Rs. 38.5 crores for housing schemes during the period of the Plan a certain amount should be set apart every year for acquisition and demolition of slums.

* * * * * * *

The Government of India have set up a Committee to inquire into all aspects of three plantation industries—tea, coffee and rubber. The Committee will investigate the ownership of the industries, character and volume of capital invested, cost and methods of production and the financing and marketing of industries.

FOREIGN

It is reported that South African gold and uranium production are likely to increase by 100 million lbs. a year by 1958. Present gold production is valued at £145 million and uranium production at £30 million per annum.

* * * * * * *

According to Sir Alexander Farquhar, representative of U.N. Technical Assistance Administration Board, the Soviet Union has pledged 4 million roubles for expanded programmes of technical assistance to underdeveloped countries.

* * * * * * *

Steel prices have been reduced in Pakistan bringing a saving of approximately Rs. 5 million to consumers. Reduction of coal and oil prices is under consideration. The Government are also actively considering the lowering of consumer goods prices throughout the country.

* * * * * * *

The Soviet Union still owes the U.S.A. a sum of $15,584,369 for Lend Lease Aid during the last war according to U.S. Treasury officials.

* * * * * * *

The U.S. Department of Agriculture reports that on January 1, 1954, the livestock holdings were valued at $11,870,323,000. The livestock inventory disclosed: all cattle 94.7 million; milch cows 24.7 million; hogs 48.2 million; all sheep 39.9 million; stock sheep 29.9 million; horses 3.4 million; mules 1.6 million; chickens 439.3 million and turkeys 5.3 million.

* * * * * * *

Iceland had an unfavourable balance of 405 million kronur (about $24.8 million) last year. Imports amounted to 111 million kronur and exports 706 million kronur. Oil and gas represented one-seventh of the total imports.

* * * * * * *

The International Bank for Reconstruction and Development has reported a net income of $10,122,649 for the six-month period ended December 31, 1953, compared with $7,639,743 for the corresponding period in 1952. The Bank's total reserves on December 31, 1953 were $129,436,230.

* * * * * * *

Syria is the twelfth and most recent country to request an economic survey by a mission from the International Bank. The mission, due to leave Washington shortly, will study economic conditions in Syria and will recommend a programme of public capital expenditure and other measures to increase production and raise living standards.

* * * * * * *

According to provisional figures published by the Netherlands Savings Bank Associataion, of which 250 private savings banks are members, deposits in 1953 totalled Fls. 653 millions and withdrawals Fls. 513 millions. The surplus of deposits thus amounted to Fls. 140 millions compared with Fls. 62 millions in 1952. With the exception of 1945, the year of the monetary purge, private savings banks in the Netherlands have never attained a surplus of deposits exceeding Fls. 100 millions.

* * * * * * *

It is reported that the World Bank is to allot a credit of £(T) 100 million to Turkey for extension of the Karabiik Iron and Steel Works.

* * * * * * *

The British Government announced recently that jute trading will be returned from public to private control as soon as it can be arranged. The announcement was made in Parliament.



Your "next day" neighbour...

AUSTRALIA

6 SERVICES A WEEK

5 from CALCUTTA

1 from BOMBAY

Fully pressurized Constellation airliners. Complimentary meals and meal-time drinks in flight. No tips or extras. Liberal stop-over privileges. Fare includes first class hotel accommodation, meals and surface transport at scheduled night-stops.

	Single Fare	Return Fare
CALCUTTA—SYDNEY	Rs. 2120	Rs. 3816—
BOMBAY—SYDNEY	Rs. 2320	Rs. 4176—

Consult your local B.O.A.C. Appointed Agent, or B.O.A.C. Offices in Bombay, Delhi. Calcutta or Madras

FLY BY B·O·A·C AND QANTAS

BRITISH OVERSEAS AIRWAYS CORPORATION IN ASSOCIATION WITH QANTAS EMPIRE AIRWAYS LIMITED

A Window On The World

WHITEHALL OR THE KREMLIN?

By

ODYSSEUS

THE COURSE OF EVENTS during the Second World War revealed the subservience of the Malayan Communist Party to Moscow and also created conditions in Malaya favourable to the growth of any party with social disruption as its target. In common with Communist parties in all countries, the M.C.P. opposed the war at first and fomented labour unrest in the tin and rubber industries. When, however, Germany attacked Russia in June, 1941, the M.C.P. like the Communist Party of India, suddenly saw how wrong it was to aid Hitler, and after the Japanese invasion of Malaya in December, 1941, offered the Malayan Government all-out co-operation against the "common" enemy. The offer was accepted but neither then nor afterwards when the South-East Asia Command (S.-E.A.C.) had established contact with the Chinese Communist guerillas in Malaya was there any political agreement. Co-operation was purely military throughout.

During the interval between the Japanese surrender in 1945 and the first landing of Allied troops in Malaya, the Communist guerillas appointed themselves guardians of law and order and represented themselves as having defeated the Japanese single-handed! Although a number of fighting units carried out their peaceful administrative tasks reasonably well, armed gangs gained control of many districts and lawlessness was general. This lost the Communists much of the respect and good will that they had gained by their resistance during the occupation, and their influence then, as now, became limited chiefly to rural areas on the fringes of the jungle.

The Communist guerillas made a show of co-operation during the months of the immediate post-war military administration, but it was clear from the outset that the M.C.P. had its own aims. During this period there was no restriction on the formation of associations and the Malayan Communist Party was a legal entity along with the other political parties then being formed. From the moment of the Japanese surrender, the M.C.P. turned its attack on the government. Existing problems were exploited, and new problems deliberately created in hopes of discrediting, weakening, and finally overthrowing the administration. Working through the newly developed trade union movement, the Communists tried to paralyse the vitally important tin and rubber industries. That the majority of the country did not sympathise with them is clear since, despite all the Communist efforts and despite all the ready-made difficulties of those chaotic early post-war days, Malaya made a remarkable recovery. Communications, public utilities, and social services were restored, adequate food supplies were secured, public health improved, industry rehabilitated, and production rose steadily. Moreover, the inauguration of the Federation of Malaya, in February, 1946, was an appreciable step in political progress.

When the Communists realised the failure of their "constitutional" campaign, the M.C.P. began early in 1948 a campaign of violence and terror, accompanied by increased labour troubles engineered by the Communist-controlled Pan-Malayan Federation of Trade Unions. This resort to terrorism was no sudden snap decision, for the M.C.P. had been secretly preparing for revolution for a long time. Arms and stores, some dropped by S.-E.A.C. during the war, had been hidden away, methods of mobilisation had been worked out in detail, and a net-work of jungle camps built up all over the country.

COMMUNIST REVOLT PLANNED IN CALCUTTA

The revolt in Malaya, as well as that in Burma and Indonesia, followed three now notorious conferences held in Calcutta between February and March, 1948, attended by delegates of the Communist parties of Malaya, Burma, Indonesia, and the U.S.S.R. One hopes that Pandit Nehru's government would today be more alive to the dangers, as well as the impropriety, of allowing foreign Communists to meet on Indian soil to plan revolutionary coups in neighbouring countries.

In Singapore, as a prelude to armed revolt, the Communists aimed to close the port by strike action, to paralyse transport and essential services, thereby confining the army to Singapore, and generally to create merry hell in the city. The Communist D day was to have been a mass public meeting and a procession of 100,000 on May day, 1948. The authorities, handicapped as ever by liberal ideas of democracy in their dealings with revolutionaries, were ready to allow the public meeting but not the procession which would have been beyond the capacity of the police to control. The Communists threatened to hold both the procession and the meeting, but my authority for these facts says cryptically, "prompt police action forestalled them", which I translate as meaning that there were wholesale arrests.

In the Federation, violence increased and many strikes were engineered on the rubber estates and in tin mines. Captured Communist documents and published manifestoes have shown that the aim was the complete disruption of industry and the administration and the establishment of "liberated areas" from which the campaign could be extended to the whole country. The Communists planned to bring these nucleii of a Communist state into existence by August 3, 1948. On June 16, however, after the murder of three rubber planters in Perak, the Federation government proclaimed a state of emergency and the next day the police carried out extensive raids on M.C.P. offices in all parts of the country. Estate workers and planters formed themselves into local constabularies for self-protection, and on June 18, 1948, the state of emergency was extended to the whole Federation.

REMARKABLE COMMUNIST ADMISSIONS

Documents, statements, and acts, all show that the campaign of terror let loose by the Communists in Malaya is part of the general offensive being waged throughout Asia by militant Russian-directed Communists. Only in tactics dictated by purely local conditions does the campaign in Malaya differ from Communist activity elsewhere in Asia. Communist directives to South-East Asia published in the "Cominform Journal" dated January 27 and September 1, 1950, included Malaya in the general order to all Asian peoples to continue and to extend the armed struggle. Communist terrorism in Malaya is in line with, and helping out, Communist policy elsewhere. A remarkable M.C.P. document passed by the Central Politburo in July, 1949, says: "To achieve victory, it is necessary that our party (the M.C.P.) should go a step forward in thought, in politics, and in organisation, to become a political party of militant Marxism and Leninism of iron discipline, with all the comrades unified under one line of action, one will, one discipline, combining themselves into a solid entity.....Today, we admit that there are weaknesses in our party, but the most

important weakness is that generally our party members and workers do not have a sufficiently strong party character. This lack among many of the Malayan terrorists can be explained by the fact that large numbers of their rank and file are either professional thugs (sic!) or illiterate youths, pressganged (sic!) into their ranks: knowledge of, or interest in, Communist ideology is not the guiding principle of either group." The end is naturally represented as worth all the difficulties, struggle, and sacrifice involved, for, says the document, "Communist enterprises are the greatest enterprises in human history".

Another recurrent theme found in captured terrorist documents is the admission that popular support for their aim of establishing a Communist dictatorship in Malaya is lacking. That they recognise this does not deter the terrorists from adopting the usual Communist practice of describing their forces as the "People's Liberation Army", and attempting to carry out their self-appointed mission by extortion and intimidation, by the destruction of property, and by the indiscriminate murder of men, women, and children, alike.

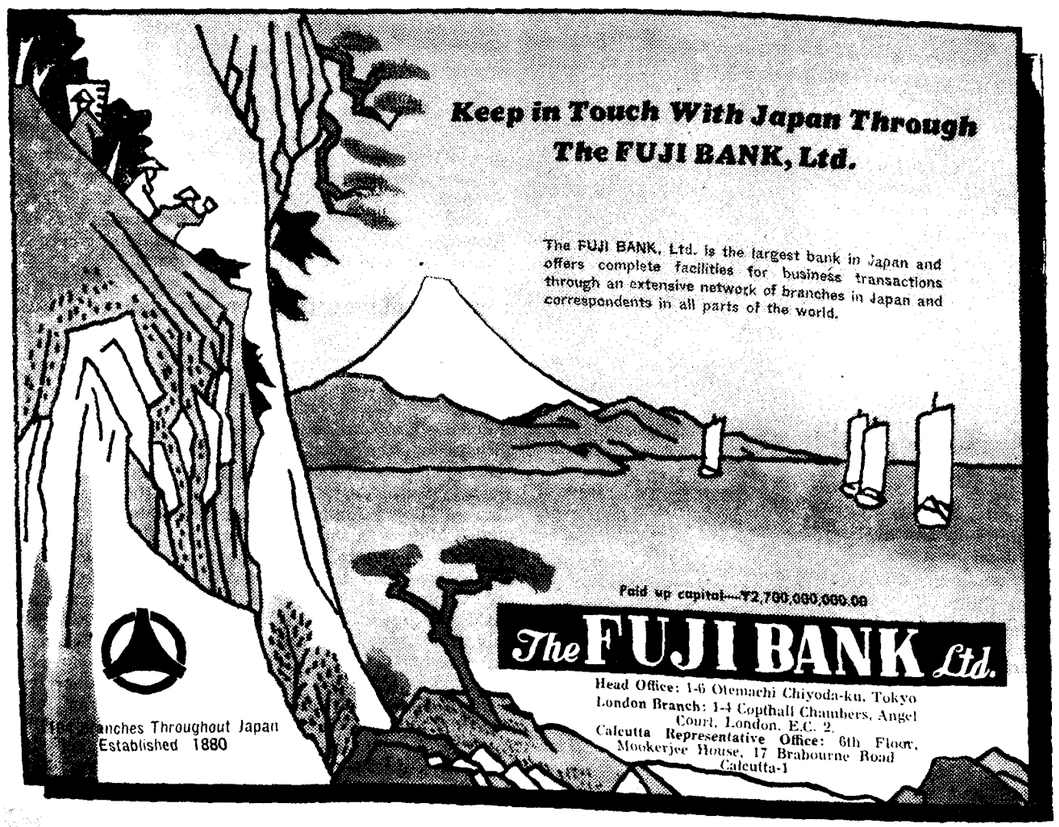
All the evidence suggests that the terrorists in Malaya do not represent a national movement. General Sir Gerald Templar said on June 19, 1953: "The leaders and members of the Communist terrorist bands are alien Chinese. Of 3,045 terrorists killed since 1948, 2,485 were Chinese. The Communist propaganda claim to lead a 'national movement' is refuted by the wholehearted support which the Malayan people are giving to the Federal government. Today, in the Federation, one-third of the able-bodied male population are voluntarily giving their services to part-time security forces, auxiliary police, home guards, and similar organisations. In a population of some 5,500,000, more than half of whom are under 21 years of age, this voluntary effort of some 400,000 is striking testimony to the falsity of the Communist claim."

And it is thanks to this lack of enthusiasm for Communism that the Malayan Government has been able gradually to restore the over-all political and economic situation to within measureable distance of normal. It remains true, however, that large and costly security forces have to be kept up to protect the great majority from the tiny Communist minority. If, as I said last week, the huge sums required for this purpose could be released for productive investment, the Malayan standard of living would be the highest in Asia and would bid fair to cut a respectable figure in the world scale.

I would not dispute that the blame for impeding economic prosperity and for delaying political progress in Malaya must be laid at the door of European Western Imperialism. I hope, however, that this week and last I have said enough to raise doubts as to whether the building into which the door leads is in London or Moscow.

CORRECTION FROM MINNESOTA

In bringing to your notice on November 20, Dr. Werner Levi's first-rate book "Free India in Asia" (Minnesota University Press, 1952), I said: "I regret that I have not the pleasure of Dr. Levi's acquaintance but I picture him as judicious and unexcitable, with a dispassionate gaze from steady and penetrating blue eyes." Dr. Levi writes to me: "Let me correct you right away—my eyes are not blue but dark brown.... I have practically no hair left and I can get very excited when I am advocating a point...." I may have been wrong about the colour of Dr. Levi's eyes but you will observe that he does not deny their steadiness or penetration. It is encouraging to note that this column is read with such scholarly care in America's spectacular North Star state.



LETTERS TO THE EDITOR

PANDIT NEHRU, THE COMMUNISTS AND THE COMMITTEE FOR CULTURAL FREEDOM

Sir,

May I avail myself of your columns to explain the response of many members of the Indian Committee for Cultural Freedom to recent statements of the Prime Minister on communism in India?

The Congress for Cultural Freedom came into existence with certain pusposes, one of which was the dispelling of some of the confusion prevailing among considerable sections of the intelligentsia about the real nature of totalitarian communism.

We in this Committee have been only too painfully conscious of the fact that we have functioned during the past three years of our existence in an uncongenial climate of thought and emotion. The progress that we have undoubtedly made has been against heavy odds. It has been no joy to us to find that from time to time we have been forced to disagree with some of the intellectual attitudes and pronouncements of the Prime Minister. Rather, it has been a matter of infinite sadness to us to be compelled to part company intellectually with one whom we recognise as being unquestionably the greatest single personal force in this country. It has never been easy, and has always been unpleasant, for us to adopt a critical line towards some of his politics. Believing as we do, however, that the evil of totalitarianism exemplified by the international communist movement and the Communist Party of India is the greatest menace that our country faces today to its national independence, its physical security and its way of life, we have had no option but to adhere to a position of uncompromising hostility to this evil, whatever the cost. It has been hard in this uphill task not to have had the support of those who should have been on our side.

In this context, it has been a source of great encouragement to many of us to read about the vigorous and hard-hitting campaign which the Prime Minister recently undertook in the beleaguered State of Travancore-Cochin. An analysis of Pandit Nehru's various statements shows that he attacked the very fundamentals of communism. The main charge levelled by the Prime Minister against the Communists was that they owe allegiance to a foreign power and are out to disrupt the unity of India. "The Communist Party", he charged, "leans or depends on, or looks to, foreign countries". He accused the communists of "going about posing as if they are Russians....Their body was in India but their mind was somewhere else....The communists have no roots in our soil. Their slogans are born in some other country....The communist policy changes a great deal, but one thing remains constant, and that is that their entire thinking is based on something outside India....The capacity of the Communist Party to condemn everything done in India and acclaim only those done in Russia or certain other countries was something ununderstandable".

The Prime Minister instanced the use of the Soviet flag as a symbol of this extra-territorial nature of the Party. "Look at their flag", he observed; "they have copied the Russian flag. Very extraordinary....My mind fails to grasp why that flag should be imported to India and displayed here as a party symbol....They have insulted the country by adopting a foreign flag".

Moving on from this, the Prime Minister drew the only possible conclusion when he said: "Their policy indicated lack of allegiance not only to the national flag but to the conception of India itself." He warned his listeners: "If you follow the communist policy, I am sure the unity of India will be shattered."

Other aspects of communist policy and practice in regard to which the Prime Minister did not mince his words were the unswerving adherence of the communists to a belief in violence, the mendacity of their propaganda, the vulgarity of their "Cultural Front" and the reactionary nature of the Party's stand. "Their principles which apparently govern their mind and action not only do not exclude violence but deliberately include violence," he asserted. As an example of their mendacious propaganda, he cited: "The communists will go on saying: 'We are sold to America'. A worse bit of nonsense I cannot imagine." Mr. Nehru condemned the methods adopted by the Communist Party in its election propaganda which he considered to be vulgar though they proceeded as part of what was called a "Cultural Front".

Mr. Nehru deplored the tendency among some people "to reduce our public life to a level of vulgarity". He said that he heard about a "Cultural Front" of the Communist Party here with so-called plays, etc....'I am told that I am supposed to appear on the stage and I am described as 'pot-bellied'." He had no complaint against caricature, but it should not go beyond fair and justifiable limits. "To reduce our public life to the level of vulgarity is a very dangerous thing."

Mr. Nehru rightly accused the communists of having "degraded" political life. He accused them of having become reactionary. "The Communist Party, as a thinking party, has stopped twenty years ago....The Party has almost arrived at a stage of static reaction".

Finally, Pandit Nehru came to the conclusion, not unjustified by all that he had said above, that "the whole basis of the Communist Party is all wrong".

We are particularly happy to welcome these pronouncements because it has been no pleasure to us to be critical of earlier ones emanating from the Prime Minister. Whatever the immediate result of the electoral contest in the State of Travancore-Cochin may be, these categorical statements—coming as they do from a person of the Prime Minister's stature in the eyes of his countrymen—are bound to have a far-reaching effect on the minds of the people and play their part in tilting the balance in favour of democracy and decency. It is to be hoped that the implications of the truths to which attention has thus forcefully been drawn will become increasingly clear to larger and larger numbers of men and women and that there will be greater readiness to grapple fearlessly with the greatest moral issue of our time.

There can be little question that, if the Prime Minister were to continue to give the country a consistent and uncompromising anti-totalitarian lead, the threat to the country's integrity and free way of life would within a year be reduced to negligible proportions, for it is at this high level that we rate the influence of Jawaharlal Nehru on the mind of our people.

Yours faithfully,

M. R. MASANI.

BOMBAY,
February 22, 1954.

DIRECTIVE PRINCIPLES: A JURIDICAL PROBLEM

Sir,

The appointment of the Prohibition Enquiry Committee by the Andhra Government has started the controversy whether any State Government has got the right or option to go back on a Directive Principle of the Constitution which had already been implemented. The forthcoming discussion is intended to understand the true constitutional and juridical principles involved by 'a' priori' reasoning and not by any means to discuss the merits of Prohibition.

It is stated explicitly in Article 37 itself of our Constitution that no Directive Principle shall be enforceable by any court. It seems to follow axiomatically, therefore, that any State's handling of any Directive Principle, inclusive of its right to follow it or retrace its step, is a matter concerning its autonomy, so long as the Constitution is not otherwise violated. If the State has the option to adopt a Directive Principle it has an equal right to delay to follow it, or not follow it at all. Even the Centre has no power to compel any State to follow it so long as Parliament does not enact any Union legislation on the matter.

In making the local law on Prohibition the State could be said to have made it by applying the Directive Principle as envisaged in Article 37 and not in pursuance of any Fundamental Right as such. Its reversal of policy can at the worst be said to offend a Directive Principle but not a Fundamental Right.

It is altogether a different matter if in the reversal of its policy the State offends any Fundamental Rights embodied in the Constitution in explicit terms. In this context, we have before us the judgment of the Supreme Court in Madras State vs. Champakam Dorairajan in which it has been held that the Directive Principles cannot override the Fundamental Rights and had to be subsidiary to the latter. Failure to follow, or a reversal of the following of, a Directive Principle cannot indeed amount to a breach of a Fundamental Right, which alone could attract the court's jurisdiction. Here it may be contended that even in Article 37 it has been stated that though the Directive Principle could not be enforced in a court of law, such a principle is, nevertheless, fundamental in the governance of the country. True. While it is accepted that a Directive Principle lacks the enforceable sanction as in the case of the Fundamental Right, what the State does when going back on a Directive Principle is a repeal of its own earlier legislation based on that principle and this could not be tantamount to offending any recognised Fundamental Right.

Again, the State (the Centre as well as the States) has not followed many Directive Principles yet. If the courts of law cannot take cognizance of this fact to enforce compliance, it seems to follow that they cannot interfere at any stage in the working (or repeal) of any local law either, so long as the question involved is one relating to a Directive Principle and not a Fundamental Right.

Nowhere in the Constitution is it laid down that having once chosen to follow a Directive Principle any State stands committed to it for all time and has no option to retrace its steps according to the exigencies of its own position and without violating other provisions of the Constitution. There are no provisions in the Constitution relating to a breach of the Directive Principles, which are only highly recommendatory but not absolutely mandatory.

Instances where States' legislations have been clearly repugnant to the spirit of the Constitution had been cured by other constitutional provisions themselves (e.g. tax on Essential Goods) when the President's assent was obtained for the continuation of the old law. Going back on a local legislation or executive action for which the foundation was a Directive Principle may be repugnant to the spirit of the Constitution, but the cure for it has not been prescribed, inasmuch as it could not be proved that the breach in itself invokes the jurisdiction of the courts by transgression of any enforceable provision of the Constitution.

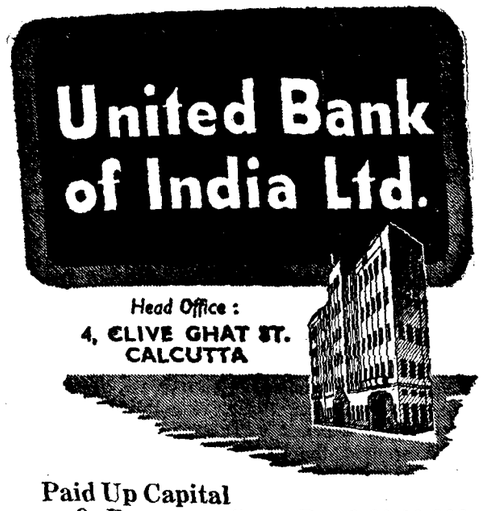
In the foregoing discussion I do not wish to be understood as championing the cause of the several States to recall any measure taken in furtherance of a Directive Principle, for such a thing would indeed be undesirable. What I was concerned with was the purely juridical question.

Under the circumstances, I feel that instead of waiting for anybody to take up the matter to the Supreme Court, the President could be moved to refer it to the Supreme Court for its opinion under Article 143 of the Constitution, as this is a question of far-reaching constitutional importance and serious repercussions, good or bad. In Madhya Pradesh, the recall of Prohibition in one area is already an accomplished fact. We do not know what Andhra will do. Other States are watching avidly.

Yours faithfully,

C. V. NARAHARI RAO
M.A., B.L.

Ramnagar, COIMBATORE



Paid Up Capital & Reserve Over Rs. 3,68,00,000/-

Working Funds Over Rs. 34,14,00,000/-

INVEST IN OUR 3 YEARS' CASH CERTIFICATES encashable at any time after 6 months. Yield Over 3% per annum on maturity.

Foreign Agencies

ENGLAND, U.S.A., AUSTRALIA, CANADA, FRANCE, BELGIUM, NORWAY, SWEDEN, SWITZERLAND, HOLLAND, ITALY, JAPAN AND GERMANY.

A DELHI DIARY

CANADA AND INDIA

IT has been a full week in Parliament and out of it. In Parliament the highlight was taken by the Prime Minister's speech on Monday which contained what has been described as "an earnest appeal" to the powers concerned for a cease-fire in Indo-China. Outside the House, the spotlight has rested on another Prime Minister. Mr. St. Laurent, the Prime Minister of Canada, arrived on Sunday and has been busy throughout the week meeting people of every kind. His address to both Houses of Parliament on Tuesday was one of the most impressive addresses which has been delivered to a joint Session; there is no doubt that the Canadian Prime Minister has scored a notable triumph in this, his first official visit to India. His obvious sincerity, his agile and responsive mind, and his sense of destiny, which he shares with India's Prime Minister, have all been factors in making his visit to New Delhi memorable.

Members of Parliament have been discussing in various terms of appreciation the wise, and yet friendly, manner in which India's foreign policy was placed in perspective with that of Canada. Mr. St. Laurent referred to the difference in approach between Canada and India whilst stressing the point that Canada respected India's attempt to refrain from international commitments. It was noticed that the word "attempt" looked like receiving some little prominence. The tribute to the United States "as the most unselfish country" and as a great and dynamic nation whose "only ambition was to live and let others live in mutually helpful international intercourse" was read, not unnaturally, as a rebuke to anti-American sentiment here. Again, on colonial issues, Mr. St. Laurent referred to the point that, while Canada welcomed the advance of all dependent peoples to self-government, she believed in a gradual process of change in the interest of firm foundations. Thus, while there were several complimentary references to India and in particular to the "splendid services of General Thimayya and the Indian Custodian Force in Korea", most members of Parliament were not slow to see that Indian foreign policy had not won from the Canadian Prime Minister any full and ungrudging support. It was good, however, that he spoke as he did, for any other speech would clearly have lacked that fine sincerity which has been his major asset in arousing warm feelings amongst the people he has met.

THE KUMBH MELA AGAIN

The Kumbh Mela was back in the fray on Monday. And on this occasion it served to provide at least one unusual bond between Orthodoxy and Secularism. Mr. Purshottamdas Tandon spoke with feeling which surprised not a few people (including my innocent self!) who thought that his orthodoxy necessarily implied approval of the Mela. What he said made us sit up sharp on our hard wooden seats. It ran as follows:

> "The Kumbh Mela is a great superstition because the people who went there thought that by taking a dip or two in the Ganges, they would go to heaven. This is a fantastic belief and has nothing to do with Hindu culture or religion. Hindu culture clearly lays down that anything opposed to intellect and reason is opposed to culture and religion. Let all people, be they Hindus, Muslims or Christians, take note of this, that whatever is against reason is against religion."

The Prime Minister was in a happily approving mood. He said: "If I may say so" (an opening phrase not unusual in his discourses!) "I am in full agreement with what my friend, Mr. P. D. Tandon, said just now about this business of people imagining that their fate or the country's fate is governed by the planets or the sun or the moon or washing away their sins in the Ganges and that kind of thing. I do not want to shock anybody's faith or to pain them, but perhaps many members know that I seldom allow an opportunity to escape of saying something about astrologers and their like. I think they are a most undesirable crew and they do harm to the country". The Prime Minister then went on to proclaim that the only way to fight "political and economic superstitions" was to increase the temper and climate of science and that is why the best thing that the Government has done was to establish national laboratories. It was not, to my mind, a very adequate index of the good that the Government has done. Is the best not often the worst enemy of the good?

THE RAILWAY BUDGET

State Budgets have been plentiful this week. They are coming in from everywhere and all seem to have one feature in common. They are all deficit budgets! The Central Railway Budget, by no means a happy document on its own account, can at least claim to be exceptional in that it was India's one and only surplus budget last week. The Railway Minister failed to exploit this significant claim to distinction. He seemed apologetic on the whole record; when the coffers of almost every State showed so much emptiness, might he not have claimed the virtue of being at least the best boy in the class?

The Council of States was in a critical mood on the budget. Its Railway expert, Pandit H. N. Kunzru, who has been on more Railway Committees than any man in India (dead or alive!), found that an analysis of the figures provided by the Railway Minister had not shown that the railways were working efficiently or that regrouping had enabled them to maintain old standards. Mrs. Lilavati Munshi was (as usual!) keen on greater facilities for cheap refreshments via the All-India Women's Food Council. Prof. N. G. Ranga was keen on the revival of the post of Chief Commissioner. He was obviously right, but what was the suggestion in the remark that "it was incomprehensible that such highly paid officers as members of the Railway Board would not courageously give their opinions because the Railway Minister presided over the Board?" Was the reference to the need of subduing one's opinion in the presence of a politician, or merely to the magnitude of the gap which exists between a (full-fleged!) Minister and a mere member of the Railway Board? It is difficult to believe that there is any general fear of the Railway Minister or his Deputy; and, in any case, there seems to be no means of avoiding contact with either merely by making the Chief Commissioner President of the Board's meetings.

ELECTION RESULTS

Last (but not least!), New Delhi is in a state of some little suspense while waiting for the results of the Tranvancore-Cochin and Pepsu elections. At the time of writing, results in Pepsu have been declared in 14 seats, of which the Congress has won 10. There is naturally elation in the Congress camp. But have the Congress election arithmeticians recognised that their party has only obtained 140,893 votes out of 313,679 cast? The Congress score remains 45 per cent; it is the only constant factor in a changing world. There has been no growth in popularity; only it seems the fortunate operation of the election law of the cube!

ARGUS.

SPECIAL ARTICLES

THE RAILWAY OPERATING RATIO

THE Railway Budget for 1954-55 cannot fail to focus attention on one fundamental source of concern over the management of railway finances in the years to come. It relates to the persisting tendency of working expenses to rise with little or no expansion in gross receipts. The deterioration on the expenditure side since the commencement of the Five-Year Plan is reflected in the tendency of the operating ratio to go up. The operating ratio, which represents the proportion of total working expenses to gross earnings and measures the balance left over for payment of interest on capital and appropriation to net profit, has shown a rapid increase from 77 per cent in 1951-52 to 82.2 per cent in 1954-55. The ratio of 77 per cent is high and it exceeds the maximum operating ratio of 76.22 per cent reached in 1921-22 during the period between 1900 and the commencement of the last war. The urgency to bring down the operating ratio dictates strong control on expenditure in view of the impracticability of pushing up revenues. In the order of priorities, the next important factor in railway finance is the fall in traffic earnings.

The downward trend in traffic earnings has introduced a new element of rigidity in the pattern of railway finances. The fall in revenues was considerable in 1952-53. But apprehensions that it would pursue a still worsening course have been warded off. The behaviour of traffic since then has shown that the process of decline may be presumed to have ceased. This is, however, a negative conclusion and in the positive context it is safe to assume that railway revenues will be stabilised, for the present, at the current year's level or slightly above it. Nevertheless, it does not alter the fact of inflexibility which has been imparted to the financial operations of the railways. The budget estimates for 1954-55 have corroborated this trend and it is hardly surprising if they do not contain any assurance that it would be reversed.

The major components of the budget estimates for the coming year set out in the table below disclose only a marginal variation in gross traffic receipts as compared to the current year. The increase anticipated in passenger earnings is negligible, while the fractional increase in gross earnings is attributable to receipts from goods traffic. The demand for goods traffic is being sustained by the progress in industrial production and the improving outlook for agriculture. The rising trend of this demand can reasonably be expected to continue, but passenger traffic is unlikely to disclose any assurance of increase. The peak has been passed and it would appear that the incentives to travel offered by the Railway Minister in the form of various concessions in fares constitute an endeavour to consolidate the position. A word of explanation is necessary, in parenthesis, in respect of the traffic earnings for 1952-53. The real magnitude of the shortfall is not as great as is apparent from the figures in the table inasmuch as quite a substantial part is accounted for by the new procedure adopted in that year to eliminate inter-railway transactions.

MAJOR COMPONENTS OF RAILWAY FINANCES

(Rs. in crores)

	1951-52	1952-53	1953-54	1954-55
Gross traffic receipts ..	290.82	270.56	272.00	273.25
Total working expenses	224.35	218.17	227.86	224.53
Operation ratio ..	77.0%	80.6%	83.8%	82.2%
Net traffic receipts ..	66.47	52.39	44.14	48.72
Net miscellaneous expenditure ..	4.72	5.21	6.49	8.08
Net revenue ..	61.75	47.18	37.65	40.64
Dividend to general revenues ..	33.41	33.99	34.47	35.50
Surplus ..	28.34	13.19	3.18	5.14
Capital-at-charge ..	850.11	857.38	875.16	909.09
Ratio of net revenue to capital-at-charge ..	7.3%	5.5%	4.3%	4.4%

The implications of the results of the financial working of the railways bear examination. Over the entire period of boom since the war and extending up to 1951-52, gross traffic receipts kept their upward trend and the increasing volume of traffic necessitated higher expenditure. But the rise in expenditure has been disproportionate and much steeper than the rise in the revenue. Net traffic receipts have suffered in the result. Between 1948-49, the first complete post-partition year, and 1954-55 gross traffic receipts increased by 28.1 per cent, but the increase in net traffic receipts was lower by 5.6 per cent at 22.5 per cent only. The margin of net revenue has disclosed a corresponding shrinkage, but particularly between 1951-52 and 1954-55 it registered a sudden fall from Rs. 61.75 crores to Rs. 40.64 crores. It has reduced the rate of return on the capital-at-charge from 7.3 per cent to 4.4 per cent, which is too inadequate by ordinary commercial standards. It has to meet the claims of interest on the loaned capital and contribution to the general revenues (now merged in the overall dividend of 4 per cent) before a net profit or surplus can be appropriated to the railway reserves.

The size of this surplus or net profit has undergone drastic reduction from Rs. 28.34 crores in 1951-52 to Rs. 5.14 crores in the budget year. Its bearing on the reserve funds and on the works, machinery and rolling stock programme cannot be missed. The entire surplus is being appropriated to the Development Fund in the current year as well as in the budget year, leaving no allocation whatsoever to the Revenue Reserve Fund. The depletion of the Development Fund will leave a closing balance of only Rs. 13.67 crores in 1954-55 which is below the balance as on partition of the railways. The Development Fund cannot make any mentionable contributions to this vital programme. The tendency to make inroads on the Depreciation Reserve Fund and to inflate the capital-at-charge cannot now be halted. Similarly, the trend towards rapid capitalisation is significant. Since a fixed dividend of 4 per cent on the loaned capital is payable to the general revenues under the existing financial convention, the parliamentary committee which is to be appointed shortly to review its operation will have to give adequate thought to this flat rate in the light of the over-capitalisation that is going to take place.

The increase in the operating ratio, which is distinctly noticeable in the recent past, however, does not connote unmixed deterioration. It is fractionally due to some healthy ingredients in the total working expenses. Since the adoption of the revised current financial convention in 1950-51, a sizable appropriation of Rs. 30 crores is being made to the Depreciation Reserve Fund every year and the backlog of repairs and maintenance of assets is being cleared at a rapid rate by large allocations of amounts ranging upwards of Rs. 62 crores since the Plan period.

But, in essence, the disproportionately high amounts of working expenses manifest either waste due to lack of proper exercise of control or liberal expenditure without an increase in productivity which it is expected to generate. The most telling example of this latter description is the phenomenal rise in the wages bill since independence. Between the 31st March, 1948 and 31st March, 1953 the total cost of staff shot up from Rs. 67.34 crores to Rs. 126.88 crores—an increase of 88

per cent. To this must be added subsequent increase in the current year of which Rs. 3.15 crores consequent on the treatment of 50 per cent of the dearness allowance as basic wage is an important illustration. A strict assessment of the rise in the wages bill must take into consideration some factors of variation. A higher volume of traffic involves a larger labour force. Since the ex-princely State railways were fully integrated with the Indian railways on 1st April, 1950, the pay scales of the employees on those railways were brought to parity with the scales in operation in the Indian railways. But this is believed to have cost about Rs. 10 crores. By and large, the rise in the wages bill is due to successive instalments of increases. It is clear that some of it was due on genuine considerations of cost of living, but undoubtedly part of it is a clear concession to political issues. It has now come to stay. To make the best of the situation, the Railway Board must make a determined effort to obtain improvement in labour productivity. No measure, even on a rough basis, on the changes in this vital factor of efficiency in the recent past is available. There is clear scope for immediate improvement. The report on regrouping of railways makes special reference to sub-standard operational performance on the ex-princely State railways. On other railway lines also the return from labour is below reasonable standards. Regrouping with its centralisation and co-ordination of control ought to show concrete results in more efficient utilisation of labour.

The fuel bill has increased since 1948-49 by Rs. 7 crores. Much of it is due to absence of economy and conservation. In his budget speech of last year, Mr. Lal Bahadur Shastri assured the House that substantial economies would be effected in the fuel bill by the implementation of the proposals in the interim report of the Railway Fuel Enquiry Committee, but his budget speech of last week makes a significant omission of any reference to this potential source of economy.

A drive for economy and efficiency promises substantial results, if it is pursued at points which require vigilant supervision. The repairs and maintenance bill which now runs to Rs. 67 crores certainly calls for rigorous measures for avoidance of waste. This is a major illustration. The report on railway regrouping emphasizes the improvement in the utilisation of wagons by elimination of delays at former points of interchange between railway systems, reduction in return journeys of empties and expeditious disposal at transhipment points. It is difficult, in the absence of official estimates, to determine how far these benefits are reflected in wagon-turn-round and likewise it is difficult to assess the improvement in locomotive utilisation due to more efficient performance in the workshops. The anticipated shortfall of Rs. 60 crores in the contribution of the railways to the resources of their five-year development plan underlines a firm drive to bring about a reduction in the operating ratio. This is in fact the primary task of the newly established Efficiency Bureau.

AN INDUSTRIAL DEVELOPMENT CORPORATION

THE Finance Minister's statement in Parliament on Wednesday and the outlines of the tentative scheme for an industrial development and finance corporation given by Mr. Robert H. Crafts on behalf of the World Bank Mission, have set at rest speculation on the subject and confirmed earlier forecasts. The resources immediately available to the proposed Corporation will include an equity capital of Rs. 5 crores, with minority participation by foreign subscribers, the use of Rs. 7½ crores from counterpart funds, to be made available by the Government on easy terms, and the World Bank's line of credit, now placed at Rs. 5 crores. It is expected that the Bank may develop total resources of Rs. 50 crores, without competing with the banking system for ordinary deposits. The Corporation which will be established without special legislation is expected to undertake a wide range of activity by granting loans, participation in equity capital, underwriting of shares, and by furnishing technical and managerial aid. The rapidity with which the scheme has been settled and the general co-operation shown by the private sector are of good augury.

The Development Corporation on the lines now suggested may not actually be a substitute for the State-sponsored Industrial Development Corporation discussed by the Government of India in recent months. There is nothing to preclude Government from taking measures in its own way to tackle the problem of industrialisation and unemployment, in which context these proposals have been made. In such cases, however, there may be no foreign assistance forthcoming either from the World Bank or from foreign private investors, so long as there is another specially chosen private agency available for the specific purpose of industrial development. In the circumstances, the Government may have to consider the advisability of abandoning its own scheme for a Development Corporation, at least for the present, and watch the autonomous and independent Development Corporation grow in stature. The Government's responsibility for its functioning cannot be wholly excluded so long as it has to guarantee any loans given by the World Bank and possibly also take responsibility for the proper management of the counterpart funds given as a loan on easy terms. The main idea seems to be only that no single group or participant in the Bank should own a controlling share.

The establishment of this new type of institution should not present any serious difficulty. But its establishment would only be the beginning of its problems and of the Government. Obviously, the business of the institution will have to be conducted on sound and prudent banking considerations and with the obligation of accountability to its participants. It is difficult to foresee the conditions under which these considerations will be linked with the need for taking large risks involved in industrial development, which is its raison d'etre. The idea of creating an institution for industrial banking, especially for financing the establishment of new industries, has a long history in this country and the elaborate investigations of the Banking Enquiry Committee in 1931 have borne no fruit in the two decades since. Some of the questions that have arisen from time to time in that connection are not less relevant today and there is no reason to hope that the difficulties felt before have disappeared.

Two major questions have been raised in the past. They relate, firstly, to whether such an institution should finance only new enterprises of a non-competitive character or have a free field of its own choice, and, secondly, whether it could engage in financing small industries also, which might involve difficulties in supervision and in judging risks. At the present time, since there is an insistence on freedom of operations of the Corporation, there should be no restriction on its decision to promote expansion in any field, competitive or otherwise. This may be entirely desirable, judged from one point of view. The expansion of employment and production need not be restricted, wherever it occurs, by decisions extraneous to the profitability of an enterprise which, in a free economy is the ultimate test of its reason to come into existence. Such an attitude might, however, conflict with the details of the Plan as conceived by the Government. No hard and fast line can be drawn as to the extent to which financing should or should not be done to foster greater competition, since competition can be justified in terms of economic progress. But it would be relevant to consider whether there should not be a brake on the duplication of limited resources during the stage of planned development and, if so, whether an autonomous

financing corporation can function as freely as planned, within the framework of an overall policy of priorities.

It can function so only when it accepts its task of development as falling within those sectors in which such development is considered desirable and expedient. It is a view widely shared that the task in a predominantly agricultural economy like India's is to promote a large number of small industries in order to absorb the surplus manpower in agriculture and diversify production. The I.M.F. Mission also gave expression to this view. It said: "It is possible that worth while investment on a large scale could be undertaken in smaller enterprises if better provision could be made to provide finance for such investment. As the modernisation of the small and medium-sized enterprises in the rural regions could provide full and part-time employment for many people now engaged exclusively in agriculture, there is a need to consider what measures could be taken to encourage a greater development of such industries." Even if cottage and very small-scale industries are ruled out of this scheme, it seems that any new scheme of industrial financing cannot escape the responsibility, even in the initial stages of its operation, to concern itself over a wide range of industries, with preparedness for taking the risks which are inherent in such widespread activity.

The point is whether there would be readiness on the part of a private banking concern, constituted as now contemplated, to undertake that role. If large-scale projects, like the establishment of steel units should be ruled out on the one hand, because of the high capital outlay and the unlikelihood of private enterprise entering these fields in the present circumstances, and if, on the other, the highly competitive fields —like cotton textiles—should also be accorded a low priority, there would be few other alternatives open except to promote many new industries, small or medium.

There may be no need to be highly pessimistic. Obviously, there will be attempts to strike a balance between assistance to new undertakings starting from scratch and financial aid to existing industries planning to expand within the scope allowed for them. There will, perhaps, also be a balance between the provision of working capital requirements to existing industries and long-term assistance for building, machinery and plant for new units and expansions. To place greater emphasis on the latter aspect alone, which Indian opinion has favoured strongly all along, would mean locking up the capital of the Bank in long-term loans, the profitability of which will depend on the fate of the new undertakings. In the Indian context, the problem of creating effective demand for new industrial products to be manufactured has not been regarded as easy. The question is whether an institution functioning entirely in an autonomous way, with a liability to show dividends to its subscribers and interest on loans advanced by the World Bank, can readily accept all the implications of giving an impetus to industrial development in this country.

Much would depend on the charter of the Corporation and the scope it would allow to its free activity. As an institution giving special attention to the current needs of industry for working capital and finance for expansion on safe lines and helping obviously profitable new enterprises to come into the field, it can always play a useful and important role. It can even acquire an important place among the financial institutions in the country. But this would not be the same as fulfilling current expectations of promoting large-scale industrial development. It will then not be a substitute to the other proposals under consideration like the State-managed Industrial Development Corporation which could afford to take greater risks in promoting enterprises not so much on lines of individual profitability as on the larger advantage to the national interest in imparting a dynamic impulse to the economy. If these two spheres are regarded as independent, the role of the Development Corporation would naturally diminish in importance.

It is necessary to bear in mind that the problems cannot be solved by merely freeing the Corporation from State control while the other rigidities of the economy—like the ban on labour retrenchment, the high cost-structure, the restrictions on freedom of company management and the frequently strict application of industrial regulation—can yet act as more powerful deterrents than finance against making a freer and fuller use of available opportunities. To seek profitable investments within this scope might be difficult enough; and if found, they cannot be regarded adequate to give a rate of industrial expansion and increase of national income sufficient to justify its description as development. This does not mean that a State-sponsored scheme is necessarily superior. It will, however, be free from the compulsion to secure direct and immediate returns on its investments to enable a liberal policy of assistance.

THE JOURNAL OF INDUSTRY & TRADE

English monthly of 120-150 pages issued by the Ministry of Commerce & Industry, Govt. of India.

Read for

Special Articles on Trade and Industrial Topics - Highlights from Trade Commissioners' Reports - Comprehensive Indian and Foreign Commercial News - Industrial and Trade Statistics - Reference Section containing Texts of Trade Agreements, Import and Export Control Announcements, Important Legislative Measures, Etc.

Indispensable to Industrialists and Traders

SINGLE COPY: Re. 1/- ANNUAL SUB: Rs. 12/-

Excellent medium for advertisement

Wide and influential circulation at home and abroad

Address inquiries for subscription, advertisements and agency terms to

THE EDITOR, PUBLICATIONS, MINISTRY OF COMMERCE & INDUSTRY, GOVT. OF INDIA, NEW DELHI.

THE BUSINESS WORLD

THE STEEL SITE

Now that the controversy regarding the site for the steel project has after all been amicably settled, it is possible with the benefits of hindsight and also of the knowledge of the detailed arguments which have been put forward by the various states, to consider the real case for Rourkela. The decision to locate the steel project at this junction on the main line connecting the coal and iron fields in the east of India rests, as it happens, on wholly economic grounds. The fact that Orissa is a backward state is an additional argument. But the German mission has been concerned in reality and not merely in theory with technical and not political or other considerations. It is fortunate that all the arguments, or most of them, have been in favour of Orissa, so that what was technically justified could also be supported on wider grounds.

The two main considerations which seem to have weighed with the mission are,

(i) transport saving, both inward and outward, and

(ii) use of the existing raw material resources which have been most fully developed.

In considering the sites from these two points of view, the arguments advanced on behalf of West Bengal, namely, speed of construction in an industrialised area, scope for finding an outlet for by-products like coal gas and slack, and economy in distribution were not as conclusive, in the opinion of the Government of India, as they prima facie seemed to be. An increase in the capital-at-charge of the new steel mills, because of transportation of the materials for construction over larger distances, will have its counterpart in increased railway earnings. Increased distribution costs, if any, in the event of location at any site other than Durgapur, will also be matched by the fact that the industrial development of Rourkela will,

(i) utilise the power which is to be generated ultimately at Hirakud,

(ii) help to expand the cement factory in the neighbourhood and,

(iii) utilise the facilities offered by the repair shop and foundry at Hirakud during the period of construction.

For these reasons, as also because the transport situation in the industrial area within Bihar and West Bengal area is already tight, whereas empties may to some extent be used in the case of transport to Rourkela, the mission appears to have rejected the Sindri and Durgapur sites at a fairly early stage in its deliberations. In the result, the two criteria to which the mission has attached much value, namely,

(i) saving in transport costs, and

(ii) speed of erection, resulting from the utilisation of mines which are already opened up,

have to be applied to the two other sites which remained, namely, Rourkela and Bilhai. Once the choice was thus narrowed, the answer seemed to be clear.

The country may, therefore, have the satisfaction, at this stage, that the best possible decision has been made. The new steel project, at the site at which it is going to be erected, will not call for heavy additional investment on rail transport facilities. The mission seems to have calculated that the cost of improvements, including the cost of additional rolling stock, would be about Rs. 6.5 crores, in view of the present decision. This is fairly cheap and well within the capacity of the railways to manage within the construction period.

The new project will likewise have the benefit of Hirakud's power. This, according to present expectations, is to be 85,000 k.w.s on the completion of the first stage and about 200,000 k.w.s on the completion of the second stage. There may be something in the West Bengal Government's argument that hydro-electric power is less satisfactory than power from a grid which can draw on both thermal and hydel power; but, obviously, the danger of such dependence is not very great.

Subsidiary industries can also grow up rapidly in the vicinity of Rourkela. Coal, iron, limestone, bauxite, timber and grasses are available within easy reach of Rourkela and Sambalpur, and the industrialisation of the area later on should prove to be easy.

Above all, priority for Rourkela does not mean that another steel site situated to the west of Rourkela at or near Bilhai in Madhya Pradesh need not be developed in the immediate rather than the distant future. The establishment of a steel unit at Rourkela may, on the other hand, actually help Madhya Pradesh indirectly in this matter. Industrial development in and around Sambalpur and Rourkela may help in due course to develop the Madhya Pradesh coalfields on the one hand and on the other create a market in the east for finished steel and iron. In both cases, the result will be that a steel project in Madhya Pradesh would prove to be more economical and justified than it seems to be today. If the new steel project makes good progress, now that the initial obstacles have been cleared, the time may soon arrive when in retrospect the controversy over the site, which has now happily ended, may be seen to have been meaningless.

INDIAN SHIPPING PROGRESS : A DIFFERENCE IN VIEWS

By

CROESUS

This year's annual general meeting of the Indian National Steamship Owners' Association, Bombay, provided an opportunity for the President of the Association, Mr. N. Dandekar, and the Union Production Minister, Mr. K. C. Reddy, to compare notes about the rate of progress of Indian shipping. While Mr. Dandekar felt the rate of progress to be disappointing—the net increase in the tonnage of Indian shipping during last year was only 13,000 tons—especially in the context of the growth of world shipping tonnage, Mr. Reddy was of the opinion that, except in the field of overseas shipping, progress has not been unsatisfactory. He, however, admitted that "our own Plan target for shipping is a very modest one", although he added that by and large, the target must be considered as "the most practical one that could have been fixed under the circumstances." In making this latter statement, the Union Production Minister was probably replying to those who have been arguing that, considering the needs of the country, even the aggregate target of 600,000 tons set under the Five-Year Plan is hopelessly inadequate.

Notwithstanding this initial difference of opinion, it must be said that both expressed satisfaction at the turn of events lately. "A marked change has come about during the last year", observed Mr. Dandekar, "both in the attitude of Government and as regards response from shipowners". Mr. Reddy, for his part

referred "with appreciation" to the carefully planned and vigorous efforts which have followed upon the meeting held by the Transport Minister with the consultative committee of Indian shipowners. He summed up the latest position succinctly when he said: "Adding up, we find that 121,000 g.r.t. (including the two ships about to be completed at Vishakhapatnam) have already been acquired (while another 138,780 tons are either to be acquired or built during the Plan period). If the total commitments in respect of purchase and building are taken into account the total is likely to be of the order of 281,000 tons. From this, about 260,000 tons should be expected to be actually available, the balance being on order at the Vizag Shipyard and partly in the course of construction. This is to be compared with the target of an additional 275,000 tons envisaged in the Plan."

The I.N.S.O.A. President dwelt on nearly all the problems facing the Indian shipping industry today but none of these can be regarded as arising anew as such, except for the demand for an Indian-owned tanker fleet. In this connection, Mr. Dandekar referred to the agreement with the oil companies and complained: "It is difficult to understand why the Government of India agreed to the insertion of such shipping clauses in these oil agreements, as they have the effect of excluding Indian-owned tankers not only from bringing crude oil from foreign countries to India, but also from operating in the carriage of oil on the coast." He, however, hoped that the implications of the clause in question "are not as serious as may appear at first sight and that Indian shipping companies may go ahead with any plans they may have for owning and operating a tanker fleet with the full confidence that they will have free scope to operate on the coast carrying the products of the refineries to other Indian ports". He further added that "Indian shipowners would also be interested in carrying crude oil from foreign countries to the refineries". This point, it may be mentioned here, was ere now made out prominently by Mr. M. A. Master, and Mr. Reddy's reply to the part must naturally be expected to be well-considered. It is a pity that even this considered reply should have fallen flat on his audience. To argue that at the time the negotiations were undertaken with the oil companies, India did not own any tankers nor was there any prospect of her acquiring tankers at an early date and, therefore, the Government gave the permission (or is it carte blanche?) it has done under the agreements with the oil companies is only to advertise the lack of farsightedness on the part of the authorities. But it was positively adding insult to injury when Mr. Reddy went on to give the analogy of coastal reservation to explain that "a nucleus at least of Indian-owned tankers will obviously be necessary before complete reservation can be contemplated". In the first place, no Indian shipowner has claimed "complete reservation" of tankers; all that Indian shipping interests wanted, and still want, is that, as and when they go in for tankers, they must not find themselves confronted with the kind of disability that the clause in question envisages. One only hopes that Mr. Reddy is right when he says that "it seems to me an overstatement, if not an actual misunderstanding, of the relevant agreements" and that "the implications of the clause in the oil agreement are not as serious as seem to have been understood". And, one also hopes that, in welcoming Indian shipping enterprise in this field and offering that the Government would "readily consider any specific proposals that may be put forward", the Union Minister for Production is not unaware of the fact that no private-owned shipping company can well do so, for under the clause, as far as one can make out, it is not open to a tanker not owned by the Government or by a company in which the Government has a majority interest to carry crude oil or refined products for the period of the agreement and then too, subject to the commitments at the time of the oil companies permitting such a course. By inference, therefore, one must regard what Mr. Reddy said as an offer to any Indian shipping company to go in for tankers provided it is prepared to give a majority interest in it to the Government.

As for the Government itself acquiring tankers, there can be no trouble. It is, therefore, gratifying to learn from the disclosure that the Minister made that the Union Government has "almost decided" to acquire two tankers. It is also probable that the Vizag yard may be asked to build these tankers, if possible.

On another controversial point, however, Mr. Reddy had the better of Mr. Dandekar. This was in regard to the latter's poser regarding the growing inapplicability of the U.K.-parity price and the difficulty of estimating the said parity by the Vizag Shipyard. He told the shipowners that, if it is difficult to ascertain the U.K.-parity price, it will be still more difficult to estimate the "world parity price", that is "the lowest price at which, say, the Scandinavian, German, Japanese, Dutch or British shipyards can deliver a ship of a particular type". And his justification for the Hindustan Shipyard Ltd., basing its price at which the U.K. shipyards would deliver similar ships was quite tenable. Moreover, as he rightly added, it is not unlikely that the U.K. shipbuilders will not hesitate or delay to make their prices more competitive, once they realise they are losing the world market for other competitors in the field, especially as shipbuilding plays a very important role in the economy of the U.K. In effect, beyond saying that this issue would receive careful attention, Mr. Reddy did not commit himself to anything, even as he cleverly evaded committing himself on either the subsidy question or the question of customs duty and sales tax on bunkers and other ship stores. When all argument fails, apparently, Government spokesmen now get away in a novel way, as witness this reply of Mr. Reddy: "As practical men, I have no doubt that you will either reinforce such cases as you may have presented in the past with additional facts and arguments, or reconcile yourselves to the fact that it is not possible for the Government to assist you in this particular direction". It is said that the great British poet, Pope, used to send away prospective poets who brought to him their pieces of poetry by saying "keep your peace for nine years". The poor prospective poets at least reconciled themselves, thinking that Pope must have meant "piece" while he actually meant "peace". But Mr. Reddy did not afford Indian shipowners scope for even such a benefit of the doubt.

A TRIBUTE TO A STATE UNDERTAKING

By

CROESUS

Although I am no advocate or admirer of nationalisation and have had occasions on which I have strongly criticised the working of the Bombay State Road Transport Corporation, particularly in the matter of maintenance of accounts on the basis of certain remarks made in the Public Accounts Inquiry Committee Report, I am tempted to pay a tribute on this occasion to this nationalised undertaking. For, if the six years' progress of the B.S.R.T. Corporation (or S.T.C., for short) as outlined by Mr. Chhotabhai S. Patel, Chairman, at a Press Conference on Monday is any criterion, one cannot withhold one's admiration for what has been achieved, even when one views the undertaking as a commercial venture.

It is well known that the S.T.C. started operations in 1948 with only 35 vehicles, but, over the past few years, it has expanded so much that there are today ramifications of the Corporation all over the State—there are as many as 15 divisions—and the total number of vehicles is as much as nearly 2,500. Until the beginning of this year, the Corporation's operations were mainly concerned with passenger traffic, but, when it received from Canada, under the Colombo Aid Plan (this is a gift to India but a loan to the S.T.), some trucks also (835 trucks to be precise) along with 510 buses, it thought of extending its operations to the sphere of goods transport also and has, indeed, already put a number of these vehicles on the road. For the greater part, these S.T. trucks are engaged in transporting imported food grains, thereby rendering perhaps an invaluable service at a time when the Railways are not in a position to provide all the wagons necessary for the purpose. I was anxious to ascertain from the S.T. Chairman whether there would be further encroachment on the private sector in this sphere and I am glad to say, from the reply I received, that, at least for the present, the Government does not propose to push this nationalisation of goods transport ahead, although neither Mr. Patel nor the State Government are apparently averse to doing so, if they can. Meanwhile, it is sporting of Mr. Patel to suggest that the S.T. proposes to compete with private operators and prove its relative advantages over the latter. While one would wish both Mr. Patel and the State Government success, one must draw their attention pointedly to the growing public opinion against the extension of the transport nationalisation scheme, if only not to aggravate the present acute unemployment situation in the country. Accordingly, the Planning Commission also is stated to have advised a go-slow policy in this behalf.

A notable feature of the S.T.C. Chairman's observations at the Press conference was his claim that, "although this undertaking is a Government-sponsored one, it has neither sought nor obtained any concessions so far by way of exemptions from Government taxes or local taxes, and has met all its statutory obligations promptly". This is as it should be, and it is also proper that the accounts of the Corporation should be maintained strictly on commercial lines, providing for adequate depreciation, insurance, payment of interest on capital and loans, etc. The creation of a sinking fund in order to repay the debenture loan floated by the S.T.C. in 1952 and the decision to pay annual equated contributions to it regularly are healthy conventions such as one notices in every well-run commercial organisation in the private sector.

If, after doing all these, and that without raising the rate structure above 9 pies per mile, the organisation is able to increase its interest or dividend to participating Governments—it may be noted here that the capital of the S.T.C. has been contributed by both the Union Government and the State Government in the proportion of 1 : 2 (Rs. 286 lakhs and Rs. 578 lakhs)—from Rs. 20.40 lakhs (audited) in 1948-49 to Rs. 54.41 lakhs (budget estimate) in 1954-55, it seems to me that there is no special virtue in the S.T.C. Chairman's claim that the S.T.C. has neither sought nor obtained any concessions. The Government would in any case be opposed to granting any such concessions, partly because it would thereby lose a portion of its dividend, which is otherwise assured, and partly because it would lay itself open to the blame of being partial towards State-sponsored or semi-Government institutions. From the point of view of private operators, on the other hand, this is actually a disservice, inasmuch as, either because of statutory obligations or for other reasons, the S.T.C. is prevented from joining other road operators in pressing for any relief by way of reduced taxes on, say, petrol, etc. But this is only by the way.

Since Mr. Patel became the Chairman of the S.T.C., much attention has been paid to effecting economies in the organisation, and this has yielded results. There is no space for me here to reproduce the detailed statement showing the results of the plans in this behalf introduced in 1952-53. But, briefly, the statement shows that the staff ratio has come down from 8.40 to 6.84; the establishment cost per bus mile has fallen from 62.54 pies to 59.76 pies and the cost of spare parts from 27.10 pies to 16.87 pies. In respect of fuel, again, there has been a reduction, I notice, from 48.49 pies per bus mile to 10.75 pies, mainly due to conversion of petrol-driven vehicles into diesel ones.

According to the S.T.C. Chairman, the twin aims of nationalisation of the road transport are provision of maximum amenities to the travelling public and efficient and economic management of the organisation. That these objectives have been fully kept in mind, and even achieved to some extent, should be obvious even to the most discerning critic, and credit for it must go in a large measure to Mr. Vadilal, the first Chairman, and to Mr. D. D. Sathe, first Motor Transport Controller and, later, Vice-Chairman until recently. Mr. R. J. Rebello, who has just taken over from Mr. Sathe is, I am glad to find, no stranger to State Transport, having, at one time, been Deputy State Transport Officer. He also has behind him a distinguished academic record. All the same, I have yet to reconcile myself to the sudden shifting of Mr. Sathe from a position in which he has undoubtedly distinguished himself. Transport has become so much a part of his being these days that I am told that, even when he recently visited the Continent on a holiday, he lost no opportunity of visiting a transport organisation wherever he went.

The State Government's decision may be, nay is, in line with the latest Government of India's policy not to keep the same officer, however senior he may be, in the same post for more than four years continuously, a policy at the altar of which even the acknowledged excellent work of a former Director-General of Shipping in Bombay was not a sufficient enough sacrifice to appease the powers-that-be and leave him undisturbed to carry on his good work. Whatever the other compelling reasons for these mechanical transfers, in deference to certain imaginary inhibitions, I feel convinced that, after an officer acquires considerable experience and has made good in any particular post, especially one of a commercial or semi-commercial nature, the powers-that-be should pause and think a thousand times before shifting him unceremoniously to some corner in a far off place where there is no scope, whatever, for the exercise of his special experience, training, and knowledge. Unless these officers are guilty of something for which they must be punished, the least that can be done, by way of recognition of their good work is to transfer them, whoever they may be, to a post where there is some scope at least for the use of their erstwhile experience. It is at the cost of the tax-payer, be it noted, that all such officers acquire experience, and would it not be a waste of public money if, no sooner than these officers become really useful and indispensable, they are shunted out? The only anology I can find for this is the indiscriminate way in which the services of several of those scholars—both those in Government service and others—who were deputed by the Government of India, itself, at considerable cost to the public exchequer, to learn or specialise in given fields are being utilised today. Is anything more needed for one—and we do not want a Bradley for it—to elaborate a theory of waste?

BUSINESS NOTES

THE PRICING OF SHIPS AT VISAKH

The annual general meeting of the Indian National Steamship Owners' Association has become an important occasion for the consideration of issues of policy of vital concern to the Indian shipping world. The convention which is now well established of inviting one of the Ministers of the Union Cabinet dealing with shipping or shipbuilding for inauguration has helped to impart significance to the Association's annual session. At the last session held in Bombay on February 20, 1954, Mr. N. Dandekar, President of the Association, raised three important issues about the policy of pricing in regard to the ships built at Visakhpatnam yard. The present formula is to charge Indian companies, placing orders for new vessels on the Visakh yard, the U.K.-parity price, the balance being subsidised by the Government of India. Mr. Dandekar raised the three following issues on the pricing formula:

(1) The assessment of the U.K.-parity price in respect of ships similar in material specifications with those to be built at Visakh has proved in practice extremely difficult.

(2) Parity with U.K. prices has lost its value as an acceptable base in view of the fact that Indian shipping companies have been required in the recent past to enter competition with ships constructed at lower cost in other countries, particularly Germany and Japan.

(3) The prospective Indian purchaser as well as the Visakh yard have to grope in the dark in the negotiations over price as no approximate idea of the final price can be ascertained. This is a great handicap to shipowners in preparing their plans for outlay.

Mr. K. C. Reddy, the Union Minister of Production, conceded the force of the argument of Mr. Dandekar on the third issue since the latter spoke from personal experience as a Director of the Hindustan Shipyard. All that he could state in reply was to promise consideration of this grievance. It seems rather odd that approximate forecast of price should prove impossible, but it is to be hoped that a workable mode of calculation in respect of different components of construction will be evolved. On the assessment of the U.K.-parity price, Mr. Reddy was probably right in explaining the present state of affairs, but here again a modus vivendi ought to be found. The same difficulty would arise, he urged, in determining the parity price in respect of other shipbuilding countries. Mr. Reddy's defence for sticking to the U.K.-parity formula was, however, quite unconvincing. In brief, his argument was that the U.K. retains the lead as the potential supplier of ships to the world merchant fleets, the position of the shipbuilding industry in that country is fluid at the moment and she cannot fail to make adjustment to the level of rival supplying countries. There is no sanctity attached to the U.K. price parity and certainly not when that parity has lost ground to competitive builders. What is of direct and real concern to Indian shipowners from the operating viewpoint is the price of ships whose competition they have to face in trade. Price parity must be governed by this factor and when the U.K. recovers competitive superiority, it would be only reasonable to revert to her price parity.

OTHER RELIEF TO SHIPPING

Mr. Dandekar also urged the Government to take a cue from the advanced and well-established maritime countries and offer direct relief to Indian shipping companies, whose case for such help gathers force by reason of the infant stage of the industry in this country. He cited the case of the United States Government in offering operating subsidies to the shipping corporations in that country as an important illustration of policy influenced by the strategic importance of the merchant navy as the second line of defence. It was on this strategic consideration that Mr. Dandekar pleaded with the Government to treat the case of the shipping industry on a distinct footing from other industries.

The case of the coastal shipping trade for exemption from the customs duty on bunkers and stores as well as from the sales-tax levied by the State Governments is of immediate importance. Mr. Dandekar has indicated the difficulties of approaching the State Governments for relief from sales tax unless the shipping companies are forearmed with the concession from the Union Government in respect of the customs duty. The Union Government has extended this relief in respect of bunkers and stores used for the distant and overseas trades. Mr. Reddy's response need not be taken as discouraging. This plea has been made in general terms on prior occasions and the Minister has advised the companies to put their case in an objective form with proof of statistical data.

JUTE DECONTROL IN THE U.K.

The clarification given by Mr. Heathcoat-Amory, Minister of State at the Board of Trade, in the House of Commons last week on the U.K. Government's decision to remove the remaining control on raw jute and jute goods makes it plain that what is contemplated is not an immediate lifting of regulation of the import trade there. It has operated to create a feeling of subdued optimism in Calcutta. The war-time process of clamping controls on jute, which was started in the U.K. in 1940, was later extended to processing of raw jute and jute yarn and licensing for internal distribution was also enforced. When the reversal of controls began in September, 1952, many of these controls were removed, but the centralised control of raw jute and jute goods which is basic to the trade was retained. Mr. Heathcoat-Amory's statement now explains that this control too would disappear as soon as negotiations with private industry and the trade unions for the switch-over are concluded. However, what is of greater significance in the Minister's statement is the unequivocal commitment that suitable measures would be devised and introduced to safeguard the jute manufacturing industry. Until then public trade in jute would continue.

This assurance of safeguards for Dundee has been hailed by Mr. Hill, Chairman of the British Jute Trade Federal Council, as "one of the most momentous that has affected the jute industry of this country in its entire history". The significance of this reaction cannot be missed in Calcutta. The assurance of protection for Dundee discloses two vital factors in the British jute industry. In the first place, it is not in a position to supply the requirements of the domestic market in full and the shortfall will need to be filled by imports obviously from Calcutta. In the next place, it implies that Dundee's competitive strength vis-a-vis Calcutta is weak and requires support in the form of protective methods. The entire position in the long-term view of the jute goods trade in the U.K. has not been fully stated. Mr. Heathcoat-Amory's statement is taken to mean in U.K. jute circles that imported jute goods from Calcutta will be available to the internal consumer at the same price as British-manufactured goods in the interim period. What sort of regulation of trade is contemplated will be clear after the projected scheme of safeguards is put through. It will be hasty to presume that there is going to be a return to unrestricted competitive conditions.

RURAL BANKING IN TRAVANCORE-COCHIN

The extent to which rural banking has penetrated in Travancore-Cochin State is at once gathered from the fact that there are about 200 bank offices in this small State, of which 175 are accounted for as branch offices of only 10 banks. This is a much larger spread of rural banking than can be found in any other State and the phenomenon of bank branches being opened in villages where post offices are lacking is probably witnessed in Travancore-Cochin alone. Their effect on traditional usurious money lending is easily seen. The rate of interest charged by money lenders in villages as high as 24 per cent has now slumped to 9 per cent. The dominant characteristic of the loan policy of Travancore-Cochin bank establishments in the rural areas is to make advances to agricultural clients as the staple business and to treat business advances as ancillary activity. Loans are almost invariably safeguarded by collateral security of land or crop. In the peculiar conditions of Travancore-Cochin, it means plantation land and cash crops including tea, rubber, cardamoms, cocoanut, pepper, and so forth. The risk undertaken by Travancore-Cochin banks in assuming the functions of catering to rural and particularly agricultural credit is explained by this feature of the State's agricultural economy. A performance on a similar scale in the sphere of rural banking cannot be expected in other States in view of this distinctive difference.

Mr. M. Ct. M. Chidambaram Chettyar, who presided over the Travancore-Cochin Bankers' Conference recently, however, made a reference to the necessity for structural change. He urged the bankers not to overlook, from a long-term perspective, the advisability of amalgamation of smaller units on the ground of economic operation and also stressed that linking of groups of non-scheduled banks with scheduled banks as a preliminary step to merger in due course was a proposition worth while keeping in view.

RATIONALISATION IN GLASS AND CERAMICS

The progress made by the glass and ceramics industry in the last three decades gives reassuring proof of more intensive exploitation of the potentialities of its development. The internal market for the industry is large enough to absorb its expanded production, but in the competitive conditions which it has necessarily to encounter, further progress must depend upon the improvement of its competitive efficiency. Dr. Atma Ram, President of the Indian Ceramic Society, was forthright in his advice to the industry to turn to self-help. Neither constant requests to the Government for assistance nor appeals to the patriotic sentiments of the consumer, he reminded the industry, are going to make the future safe for it. Safety must be sought in improvement through rationalisation on production techniques.

The current higher cost of production of the indigenous manufactures is due to lower efficiency of production and higher cost of raw materials. To this must he added the high percentage of rejects. Dr. Atma Ram has stressed the vital importance of judicious selection of raw materials and their proper processing, due attention to scientific control over the operation of furnaces and supervision at key points by men technically qualified to do the job. This means, inevitably, more costs on employment of technical persons and trust in their ability to perform their jobs. This investment is worth making and now it has become indispensable by reason of the impact of superior scientific techniques adopted by competitors abroad. The present position is that many of the enquiries on the processes in production addressed to the Society prove unfruitful since there is lack of technical persons to adopt the instructions issued in response to them. If any deficiency is noticed at present in the standards of performance of technicians, that is no reason to grudge the utilisation of their services and a correct approach would underline the need for a close liaison between the industry and the universities to give a practical bias to the courses of technical studies. Universities, of course, cannot be expected to surrender their basic duty to impart fundamental knowledge of theory and, what is vitally important, procurement of adequate equipment is beyond their financial strength. While Government is allocating more funds for this specific purpose, it is certainly the obligation of the industry, which is directly interested in the training of technicians, to share the burden of training in the technological institutions. The cost of this investment to be contributed by the industry is placed at Rs. 2 lakhs per year.

RESTORING THE ROLE OF THE IMPORTER

The import trade has never grudged a due measure of protection to indigenous industry in the larger national interests of the development of the economy and in fact it has accepted the restriction which protection puts on its freedom of operation as a healthy obligation. Such an attitude of accommodation is essential as the developing economy continues to make demands for increasing industrialisation. But this trend cannot be misconstrued as elimination of the import trade in indigenously manufactured goods. The emphasis of Mr. Shantilal Shah in his presidential address at the annual session of the All-India Importers' Association was on the growing tendency on the part of industry to lapse into this error. Even when protection is in force in an effective measure in the shape of adequate tariff duties, demands continue to pour from industry for drastic restriction and in a few cases for practical elimination of imports. This tendency is demonstrated in the practice of pressing claims for unwarranted restriction of imports once protection is granted to an industry. The Tariff Commission's recommendations after a thorough and scientific enquiry into each case ought to be accepted as the proper measure of protection. Protection plus a moderate dose of import control has now become the accepted policy. But any concession to the demand for import restriction on an unwarranted scale is bound to remove the healthy stimulus of competition so vitally needed for higher standards of efficiency and the consumer's legitimate interests in price and quality are apt to be ignored.

There is another aspect of import policy which hinders the restoration of the importer's role as a distributive agency. With the easier availability of materials, all representative organizations of industry and trade have lent their support to the withdrawal of actual users' licences. It is, therefore, difficult to comprehand why Government should insist on their retention. Mr. Shah's grievance in regard to the new technique employed by industry to bypass normal trade channels by setting up its own or collaborating media for trade cannot be redressed by State intervention. The best remedy for it is proof of the competitive efficiency of the normal trader.

THE COASTAL SHIPPING TRADE

The speech of Mr. Dharamsey M. Khatau, Chairman of the Scindia Steam Navigation Company, at the last annual meeting held on 24th February, extracts from which appear elsewhere in this issue, makes it amply clear that this premier shipping company maintained in the year under report its tradition of progressive performance. This was in spite of practical set-backs to the freight trade on the coastal as well as overseas services. The regrettable turn which the coastal trade took last year needs serious attention and remedial measures. The position, in brief, was that the supply of tonnage plying the coastal lines was quite out of proportion to the cargo offering bringing in its train ruinous competition. Not only were freight rates cut

down to uneconomic levels but unfair practices became rampant.

The Scindia Steam Navigation Company which has always taken the lead in building up the national coastal shipping trade urged the Indian Coastal Conference to intervene and set the matters right. The resolution adopted by the Conference was of a voluntary nature and in practice it was not implemented. The stalemate ultimately forced a decision on Scindias to withdraw from the Conference. The withdrawal is to be effective from March 1, 1954. This development is very much to be regretted and it should serve as a warning to take effective measures to improve trade practices on the coast without any further delay. The Scindias have now proposed that a reasonable quota system, based upon the size of the fleet of a company and its performance in trade in the last few years should be evolved as it will put an end to unhealthy competition and in the long run restore proper equilibrium between the supply of tonnage and availability of cargo. Similar agreement on freight rates and its faithful observation is essential. The state of affairs on the coast calls for immediate rectification and this can be done only by the Conference with the authority it wields on the member companies. A compromise to the benefit of all the companies should pave the way for the re-entry of Scindias in the Conference.

EXPORT OF IRON AND MANGANESE ORES

The Government of India has further reviewed the procedure for licensing the export of iron and manganese ores through Madras port, and has decided that any consignment of iron and manganese ores offered for loading at the broad-gauge stations will be accepted by the railways without insisting upon export allotments. Such consignments on reaching Madras port will be licensed on shipping bills. With regard to the movement between the Bellary-Hospet-Guntakal (meter gauge) and the meter gauge section up to Bangalore, the railways will provide wagons pro rata taking into consideration the total allotment made to established shippers and mine-owners and the availability of wagons.

THE OUTLOOK FOR TEXTILES

While the textile industry in this country attained a new all-time peak in 1953 and pushed up the output 12 per cent above the preceding year, there can be no complacency on the ground that five-year target for textiles has been advanced by two years. Before the outlook for this industry in the immediate future can be taken to imply a phase of continuous expansion the condition precedent about obtaining the market for its products must be assured. On this specific score present indications are that the Export Promotion Council must take the lead in exploring the sources of demand. The overseas consumers' requirements and bias must be ascertained to ensure that goods supplied will find ready customers. The prospect in respect of the domestic market in the immediate context is not free from difficulties and easily the one major difficulty is the purchasing power in the hands of the consumer to absorb the supplies offered to him. How soon it may be expected to stabilise and expand is a matter of speculation, but at the present time the trend is in the other direction.

Discussing this issue at the last annual meeting of the Madhya Pradesh Millowners' Association, its president, Mr. Daga, explained that the alternative device of adjusting prices to the purchasing power of the consumer was not feasible in his State. Raw cotton absorbed three-fifths of the production costs in Madhya Pradesh and when the wages bill is added to it, the balance of 12 per cent did not leave any scope for reduction. Price-cutting in other manufacturing States also is not practicable and this fact has been conceded by the Union Commerce and Industry Minister. Inflexibility of production costs has posed a problem before each industry with the return of competitive conditions, but while efforts continue to be made to tackle it, market studies must be pursued intensively.

THE TATA IRON AND STEEL COMPANY LIMITED

NOTICE

Notice is hereby given that pursuant to the Scheme of Arrangement sanctioned by the High Court of Bombay the Directors will allot the new fully paid Ordinary Shares in lieu of existing Deferred Shares and the additional fully paid bonus shares to holders of Deferred and Ordinary Shares on the Register of Members on 29th March, 1954.

Notice is also given that the Transfer Books of the Company will be closed from Monday, 15th March, 1954, to Monday, 29th March, 1954, both days inclusive.

By Order of the Directors,
TATA INDUSTRIES, LIMITED, MANAGING AGENTS,
J. D. CHOKSI,
Director.

BOMBAY,
Dated 22nd February, 1954.

THE
UNITED
COMMERCIAL
BANK LTD.

Head Office : CALCUTTA.

PAID-UP CAPITAL :
Rs. 2 CRORES.
RESERVE FUND :
Rs. 80 LACS.

FOREIGN BRANCHES :
IN PAKISTAN :
Chittagong, Karachi.
IN BURMA :
Rangoon, Moulmein,
Akyab, Mandalay,
IN MALAYA :
Singapore, Penang.
IN UNITED KINGDOM :
London.
ALSO AT :
Pondicherry, Hongkong.

Agents throughout the world.
All Types of Banking business transacted.

G. D. BIRLA
Chairman.
B. T. THAKUR
General Manager.

INVEST IN OUR
3-YEAR
Cash Certificates

ASP UC-1/54

COMPANY MEETING

THE SCINDIA STEAM NAVIGATION COMPANY, LTD.

Speech delivered by Shri Dharamsey M. Khatau, Chairman of The Scindia Steam Navigation Co., Ltd., at the 34th Ordinary General Meeting of the Company, held on Wednesday, the 24th February, 1954, at 4 P.M. at Scindia House, Ballard Estate, Bombay.

Gentlemen:

Before we begin, I am sure it is the desire of all those assembled here that we should pay tribute to the memory of our great former Chairman, Sheth Walchand Hirachand.

In enterprise, daring and imagination he was equalled by none; his vision was wide, and his plans were always drawn on a large canvas. In the field of industry, generally, and of transport in particular, he has left indelible marks of great and lasting achievement. Shipping and Shipbuilding, Aviation and Aeronautical Construction, the manufacture of Motor Vehicles and the execution of large Civil Engineering Projects in cement, steel and concrete—these are the living monuments to his constructive imagination and ceaseless energy. His place in our recent economic history will assuredly be among the few really great industrialists which this country has produced.

The Company's operations in 1952-53 have yielded satisfactory results. The provision for Normal Depreciation in 1952-53 is higher than in the previous year by over Rs. 20 lakhs; and the provision made for Deferred Taxation relative to the profits of the year under report is Rs. 60 lakhs as against only Rs. 3 lakhs provided in the previous year. Notwithstanding these larger provisions, the profits earned during the year have enabled the Board not only to recommend an increase in the rate of dividend from As. 8 per share to As. 12 per share, but also to create, for the first time, a Dividend Equalisation Fund with an initial allocation of Rs. 11,75,000. It has also been possible to transfer from the profits a sum of Rs. 10 lakhs to the Fleet Replacement Account which at the end of the year stands at Rs. 2,13,19,434.

The broad picture of our present total Capital Resources inclusive of the Paid-up Capital, the Reserves and Surpluses, and the Debentures (excluding the Debentures of the Bombay Steam which are to be paid off), is that they aggregate Rs. 19.72 crores, of which Rs. 7.05 crores only is accounted for by the Paid-up Capital. As against this our total Fixed Capital Expenditure and Investments in Subsidiary and Associated Companies aggregate Rs. 20.01 crores. In these circumstances your Directors have recommended in their Report that, subject to the sanction of the Controller of Capital Issues which has been applied for, the paid-up value of the shares of your Company may be increased from Rs. 15 each to Rs. 20 each, by capitalising the sum required for this purpose from the premium on shares collected on the issues of Capital made in 1946 and 1948, and at present forming part of the Reserves and Surpluses of the Company. Certain aspects of this proposal are, however, under further examination by your Directors.

B.S.N. LINE

The cargo and passenger trade on the West Coast in which the former Bombay Steam Navigation Co., Ltd., (hereinafter referred to as the B.S.N. Line) operated constitutes a distinctive part of the Coastal Trade of India. In spite of our continued efforts at rationalisation, the total cargo carried by the B.S.N. Line during 1952-53 was considerably less than in the previous year, though we did carry extra traffic in food grains. As regards the causes responsible for the general decline in our liftings, a material factor was the increasing resort to irregular practices due to overtonnaging on this sector of the Coastal Trade. Other contributory causes were the virtual stoppage of all movement of cargoes by sea between India and Pakistan, and the diversion to rail-routes of some of the traffic which used formerly to move to Saurashtra by sea.

As for passenger traffic, we carried about 20,000 passengers more during 1952-53 than in the previous year. During the year under review, we have implemented the Recommendations of the Deck Passenger Committee as regards increased space and amenities on our passenger-carrying ships, as a result of which their carrying-capacity has diminished by about 20 per cent; but the fares were not increased.

COASTAL AND ADJACENT TRADES

The aggregate liftings of cargo in all the above trades by the Company's fleet rose by about 1.98 lakhs of tons in 1952-53 compared with the previous year; and the aggregate freight earnings from these operations rose by about Rs. 76.22 lakhs, notwithstanding considerable reductions in the rates of freight on rice from Burma to India and Ceylon and in the rates for the carriage of salt from Saurashtra and Tuticorin to Calcutta.

While the inordinate delays which colliers used to experience both at loading and discharging ports lessened considerably during 1952-53, normal despatch of ships was hardly attained at any port owing mainly to labour trouble in one form or another and deteriorating labour output at about all the coastal ports. This "go-slow" policy of Port Labour, resulting in reduction of output at all Coast Ports, has reached such a stage that the Government must devise suitable measures immediately, and must effectively enforce the same, so as to restore the normal rate of working and ensure quicker turn-round of ships on the Indian Coast.

While the early months of the current year began with prospects which, so far as the Coastal Trade was concerned, seemed decidedly gloomy, the picture does not seem quite so bad to me now.

INDIAN COASTAL CONFERENCE

Gentlemen, you will no doubt recall the prominent part your Company played in securing reservation of the Indian Coastal Trade for Indian Shipping. Soon after reservation, in the general interests of all Indian Lines and with a view to promoting healthy development of Indian Shipping, we contributed our full share of effort in the formation of the Indian Coastal Conference and in working it wholeheartedly. However, it is to be regretted that since the latter half of 1952, we have been observing a steady growth of irregular practices on the Coast, especially in the West Coast Trade, designed to secure cargoes by improper means. During the second half of 1952, this problem became so serious that the Conference had specifically to consider these developments and try to rectify the situation; but these efforts were unsuccessful. Basically, there was a serious state of imbalance between the supply and demand factors in the Coastal Trade; and this resulted in a disparity between the tonnage capacity available, the cargoes offering and the prevailing level of freight rates.

These developments naturally caused serious concern to your Directors. After watching the situation for some months it was found that the position was steadily deteriorating and cargoes were being frequently diverted from our ships by irregular practices. Under these circumstances, your Directors were reluctantly compelled to the conclusion that no useful purpose would be served by continuing in the Conference. Your Company therefore regretfully gave the required six months' notice at the end of August of last year of termination of the Conference Agreement so far as we were concerned. Our withdrawal from the Conference will thus be effective from the first of next month. In the light of our experience of the working of Conference arrangements on the Indian Coast in

recent years as well as over a long period prior to the formation of the present Indian Coastal Conference, your Directors are convinced that the most satisfactory way of solving the problem now facing the Conference so as to ensure orderly progress of Indian Shipping in the Coastal Trades, lies in fixing a system of quotas for Member Lines having due regard to the size of the fleet owned by each Company and the past performance of each Line during the three years ending December 1952. Under a proper quota system, there would be no restriction on expansion of tonnage as, in practice, the supply of tonnage for the requirements of Coastal Trades would then be bound to adjust itself almost automatically to trade requirements on a fairly long-term basis. Further, it will also facilitate rationalisation or berthings which is essential not only for offering a better, more regular, frequent and reliable service to the public but also for better utilization and, therefore, for more economic employment of available tonnage.

OVERSEAS TRADE—INDIA-U.K.-CONTINENT

The two passenger ships, the s. s. Jalazad and the s. s. Jaljawahar, continued to maintain regular services in the India-U.K. trade during the year under review. But it has since been decided to withdraw them from India-U.K. passenger service and to sell them to the Eastern Shipping Corporation for employment in the India-Africa and India-Malaya passenger services. The decision to withdraw the "Azad" and "Jawahar" from the India-U.K. passenger service was taken by your Directors with a heavy heart.

I appreciate how deeply disappointed you all are that the Government of India should have declined to shoulder even the modest share we suggested of our heavy burden in continuing to run the U.K. Passenger service, and in consequence of which your Directors have felt reluctantly compelled to discontinue that service altogether. But while I share your feeling of despondency at this outcome, I would ask you to remember that what we and the country may lose by way of prestige in the field from which we shall now withdraw; will probably be more than made up for in the new field we shall enter through the Eastern Shipping Corporation with which we are so closely connected. Indeed, in some respects, the need for suitable Indian-owned passenger vessels operating in the India-Africa service and the India-Malaya service where these two vessels will in future be employed is, in my judgment, perhaps more acute than in the India-U.K. Service, though the "glamour value" of the latter may be greater.

The withdrawal of these vessels from the U.K. passenger trade will not be allowed to affect the regularity and frequency of the cargo service which your Company has been maintaining between the West Coast of India and U.K. Continental ports. Two fast vessels, namely m.v. Nordhval and m.v. Nordvard, have been chartered as immediate replacements, to be substituted eventually by owned vessels as early as possible, so that the service we offer in this trade may continue to be maintained at the same level of efficiency as heretofore.

Towards the close of the year opportunity was taken to re-organise these services by the employment of 12 steamers; and it is expected that the cargo services, as now re-organised, will provide more regular shipping opportunities to the mercantile community.

The Joint Service operated by your Company in collaboration with India Steamships Ltd. from the ports of Hamburg and Bremen to ports in India, Pakistan and Ceylon, has been functioning satisfactorily and is very much appreciated by the shippers in Germany and the importers at this end.

Your Company has now been admitted to partial membership of the Western Italy-India-Pakistan-Burma Conference. We have accordingly commenced berthing our vessels at Genoa; but as our membership is restricted to the Indian section of the Conference only, we may have some initial difficulty in securing adequate loads.

OVERSEAS TRADE—INDIA-U.S.A.

As indicated in my speech last year, the decline in the availabilities of cargoes from Atlantic Ports (U.S.N.H. range) adversely affected the freight earnings in the American service. As a result, more vessels were diverted to the Far East and Pacific trades during the year under review, on account of the fact that the earning position there was somewhat better than in the North Atlantic American trade. Even so, freight rates eventually went down so low as to necessitate our gradual withdrawal from the India-U.S.A. trade altogether. The American service thus remains suspended for the present; but under the expansion programme we have now in hand, we have planned for its revival with faster vessels such as will enable us to re-enter the trade with adequate support from Shippers at both ends.

TONNAGE POSITION

The keels of three out of the five 7,000 dwt. cargo motor ships of Maierform design, ordered from Messrs. Hindustan Shipyard Ltd. at Visakhapatnam, have been laid and it is expected that they will be completed and delivered to us during our next accounting year. The remaining two will be delivered during 1955-56. These five ships are primarily intended for Coastal Services; but they are of a type and design which will readily fit them for operation in Overseas Trades also. In fact it is intended to employ two of them in our Overseas Services from the very start.

I referred last year to the question of expansion of Indian Shipping and the provision made in the Five-Year Plan for loans from Government on attractive terms for purchase or building of ships suitable for the Overseas Trade. As a result of further discussion, it has been decided that loans will now also be available from Government, though at a higher rate of interest, for purchasing or building ships for the requirements of Coastal Trade.

Your Directors have therefore given careful consideration to the question of additional tonnage required to enable your Company to participate adequately in the Coastal and Overseas Trades and the extent to which the acquisition of such additional tonnage should be financed by accepting loans from Government. The conclusion they have reached is that, in addition to the six ships already ordered from Messrs Hindustan Shipyard Ltd., there is scope for adding two or three cargo vessels of small size and three cargo vessels of intermediate size, partly by way of replacement of old units due for scrapping and partly as net additions to the Fleet employed in the Coastal Trade. Furthermore, six modern cargo vessels suitable for the Overseas Trade will also be required; two in replacement of the "Azad" and "Jawahar" and four for the India-U.S.A. Service. This large programme will be financed by loans from Government to the extent of about Rs. 820 lakhs, the balance to the extent of about Rs. 410 lakhs being found from out of our own present and prospective resources.

These are ambitious plans, involving long-term financial commitments on a large scale, and requiring, therefore, very careful consideration by the shareholders also. Your Directors have accordingly decided that it would be best to place the whole scheme before the shareholders at a meeting which will be specially called for the purpose, so that all shareholders may have an opportunity to consider our plans and proposals in some detail and at leisure.

CONCLUSION

Before I conclude, I should like to express the warm appreciation of your Company for the co-operation, assistance and advice which we have always received from the Ministry of Transport and the Directorate-General of Shipping. I should like also to convey the thanks of the shareholders and the Directors to the Management, the staff, both ashore and afloat, and the Agents of the Company at various ports for having discharged their responsibilities in a manner which has enabled the Company to achieve satisfactory results.



FOR BETTER SOCIAL SERVICES AND SOCIAL AMENITIES

Every little is needed to add to the nation's pool of investment — to finance the great development schemes to help build the Welfare State of tomorrow.

THE SMALL SAVINGS SCHEME grows and flourishes under a guarantee of absolute security.

WHY HAS IT GROWN because it fulfils an obvious and urgent need—it puts your money to work for your and the nation's good.

Invest in

NATIONAL SAVINGS CERTIFICATES	Rs. 150 for Rs. 100 in 12 years.
TEN-YEAR TREASURY SAVINGS DEPOSITS	3½% Interest paid annually and capital secured for 10 years.
POST OFFICE SAVINGS BANK DEPOSITS	2% interest added on deposits upto Rs. 10,000/- (on deposits up to Rs. 20,000/- in the case of joint accounts).

Interest earned is free of Indian Income-tax.

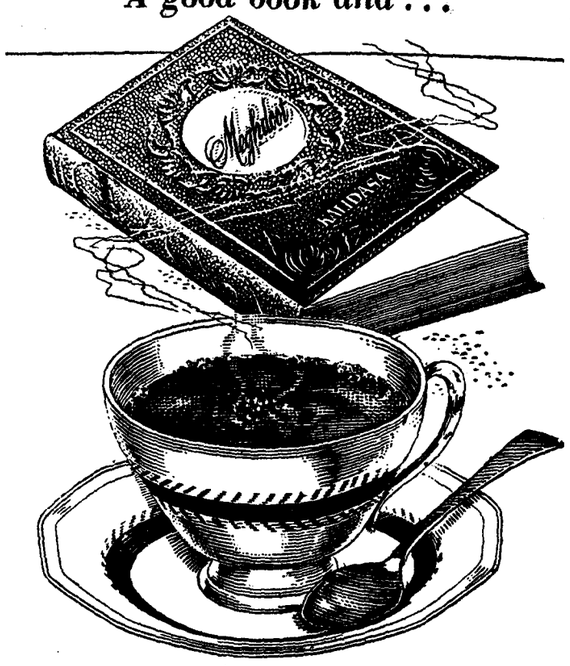
INDIA'S PLAN GIVES

More schools-More hospitals More roads

For further information and/or rules governing these investments please write to the National Savings Commissioner, Gorton Castle, Simla-3, or the Regional National Savings Officer of your State.

A.C. 512

A good book and . . .



a good cup of **TEA**
are ideal companions

AND A GOOD CUP OF TEA IS MADE THIS WAY

• Boil fresh water • Rinse out teapot with boiled water • Put in one teaspoonful of tea for every person and one extra teaspoonful for the pot • Stand tea for four to six minutes before serving • Add milk and sugar after tea has been poured into cup

1,250,000 workers are employed in the Indian tea industry.

ISSUED BY CENTRAL TEA BOARD CTB-G-54

COMPANY AFFAIRS

THE NEW CITY OF BOMBAY MANUFACTURING CO., LTD.

The working results of the New City of Bombay Manufacturing Company Ltd., (Managing Agents: W. H. Brady & Co., Ltd.,) for the year ended 31st December, 1953, show a marked improvement in the figure for total sales from Rs. 149.11 lakhs for the year 1952 to Rs. 164.23 lakhs for the year under report. Cloth sales have improved by more than Rs. 10 lakhs from Rs. 80.97 lakhs to Rs. 91.50 lakhs, whereas the figure for sale of yarn shows an improvement of more than Rs. 4 lakhs from Rs. 66.65 lakhs to Rs. 70.96 lakhs. The gross profit also stands at a higher figure of Rs. 7.09 lakhs as against Rs. 4.04 lakhs in the preceding year.

The provision for depreciation is slightly lower at Rs. 2.26 lakhs as against Rs. 2.32 lakhs in the previous year. No provision has been made for taxation while Rs. 2 lakhs have been transferred to the reserve fund and Rs. 50,000 to the reserve for Rehabilitation of Machinery and Plant. The Dividend rate per cent per annum stands unchanged at 10 per cent. The fluctuations in the fortune of the Company during the last three years are tabulated below:

Year ended 31st December	1951 Rs.	1952 Rs.	1953 Rs.
Sales of yarn ..	75,79,367	66,64,500	70,95,874
Sales of cloth ..	95,11,626	80,96,780	91,49,956
Sales of work ..	2,33,610	1,50,068	1,77,206
Total sales ..	1,73,24,603	1,49,11,348	1,64,23,036
Gross profit ..	20,94,575	4,40,196a	7,09,262b
Provision for depreciation	2,72,062	2,52,383	2,25,689
Provision for taxation	8,00,000	..	..
Transfer to reserve fund	1,00,000	..	2,00,000
Transfer to reserve for rehabilitation of machinery and plant	75,000	75,000	50,000
Dividend rate per cer per annum ..	15	10	10

a Includes E.P.T. post-war refund of Rs. 4,40,196.

b Includes E.P.T. post-war refund of Rs. 11,879.

THE KOHINOOR MILLS COMPANY LIMITED

The directors' report of the Kohinoor Mills Company Limited (Managing Agents: Killick Industries, Ltd.,) for the year ended 31st December, 1953, shows an increase of nearly Rs. 37 lakhs in the figure for total sales. Net profit before providing for taxation, but after providing for depreciation stands doubled from Rs. 21.75 lakhs as at the end of the year 1952 to Rs. 43.68 lakhs as at the end of the year under report. The provision for depreciation is slightly higher at Rs. 14.97 lakhs while the provision for taxation has been enhanced from Rs. 3 lakhs to Rs. 17.8 lakhs. The directors have transferred Rs. 5 lakhs to the Machinery Reserve Account as against Rs. 1 lakh in the preceeding year. No transfer was made last year to the equalisation of dividend account but during the year under review a sum of Rs. 1 lakh has been transferred under the same account.

The dividend has been increased in the year 1953 to 20 per cent per annum which consists of 6 per cent as the interim dividend paid on 24th September, 1953, a final dividend of 12 per cent and a bonus at the rate of 2 per cent. The working results are tabulated below:

Year ended 31st December	1951 Rs.	1952 Rs.	1953 Rs.
Sales	7,86,85,309	7,09,43,576	7,37,18,790
Gross profits ..	83,63,251	36,13,496a	58,65,752
Provision for depreciation	18,21,609	14,38,179	14,97,414
Provision for taxation	28,00,000	3,00,000	17,80,000
Transfer to machinery reserve account	5,00,000	1,00,000	5,00,000
Transfer to equalisation of dividend account	2,00,000	..	..
Dividend rate per cent per annum ..	25	18	20

a After including the E.P.T. post-war refund of Rs. 18,32,743.

THE BANK OF INDIA LTD.

The audited accounts of the Bank of India Limited for the year ended 31st December, 1953, show a reduction of more than a crore in the figure for total deposits. The fixed deposits have moved up from Rs. 950.79 lakhs to Rs. 1,187.37 lakhs while the deposits for current and contingency accounts have dropped by more than Rs. 3 crores from Rs. 3,792.83 lakhs to Rs. 3,446.95 lakhs. The figure for investments (at below market value) stands fractionally reduced to Rs. 1,934.93 lakhs. Advances, however, show a slight improvement from Rs. 3,221.76 lakhs to Rs. 3,358.04 lakhs. The net profit for the year is almost unchanged at Rs. 35.93 lakhs as against Rs. 35.76 lakhs in 1952, with the result that the provision for taxation for the year at 29 lakhs is not materially different from a similar provision of 31 lakhs in 1952. Dividend rate also remains unaltered at 14 per cent per annum.

The salient features of working of the Bank during the last three years are summarised in the table below:

Year ended 31st December	1951 Rs.	1952 Rs.	1953 Rs.
(a) Deposits:			
Fixed deposits	9,19,36,659	9,50,78,507	11,87,37,005
Savings bank deposits	8,66,80,710	8,68,89,841	8,54,41,524
Current account, contingency accounts, etc.	39.92,76,182	37,92,83,382	34,46,94,570
Total	57,78,93,551	56,12,51,730	54,88,73,099
(b) Investment (at below market value)	15,48,44,516	19,57,61,379	19,34.93.400
(c) Advances	42,43,09,691	32,21,76,434	33,58,40,363
(d) Interest paid on deposits, borrowings, etc.	32,87,779	46,22,920	42,24,922
(e) Interest and discount earnings	1,51,06,361	1,75,98,919	1,75,76,509
(f) Net profit	44,55,048	35,75,937	35,93,225
(g) Provision for taxation	25,00,000	31,00,000	29,00,000
(h) Dividend rate per cent per annum	14	14	14

COMMODITY NEWS AND NOTES

SECOND ESTIMATE OF RICE FOR 1953-54

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India second estimate of rice for 1953-54 puts the current year's area at 71,198,000 acres, as against the corresponding adjusted estimate of 69,591,000 acres for 1952-53, thereby showing an increase of 1,607,000 acres or 2.3 per cent in area. The increase in acreage under the rice crop during the current year has been shared mainly by West Bengal, Assam, Hyderabad, Madras, Andhra, Madhya Pradesh, Bombay, Mysore, the Punjab and P.E.P.S.U., and has been due to favourable weather conditions at the time of sowing. The estimate generally covers the period up to the beginning of December 1953. Till then, the condition of the crop was reported to be generally satisfactory. In the unirrigated tracts of Madhya Pradesh, the crop was slightly affected by lack of sufficient rains, while in parts of the Gujerat and Konkan divisions of Bombay State, the crop suffered from excessive rainfall. In parts of Bombay, Madhya Pradesh and West Bengal, the crop was also attacked by insects and pests. This estimate does not cover the entire area sown to the rice crop during 1953-54. Past experience has shown that the area at the second estimate stage forms roughly 95 per cent of the area under the crop finally reported.

PRODUCTION OF COTTON IN INDIA

The Cotton Advisory Board, meeting in Bombay, recently estimated the 1953-54 Indian cotton crop at 4,100,000 bales against the previous estimate of 4,018,000 bales. Despite this increase in estimated outturn, the Board decided that no further quotas of Indian cotton could be allocated to mills under any circumstances this season. This decision is understood to have been taken to maintain a safe carry-over into the 1954-55 season. The carry-over as on August 31 was estimated at 16.96 lakh bales, the total availability at 64.96 lakh bales and the total disappearance at 48 lakh bales. The Board strongly recommended to the Government of India that the target of cotton production in India for 1954-55 be raised to 45 lakh bales from the Planning Commission's target of 42 lakh bales in 1955-56. The Board felt that this would make the country less dependent on foreign supply. The raising of the target would also help maintain cloth production at the current level of 1,415 million yards a month, support employment and enable the country to produce sufficient quantities of cloth, particularly of the coarse and medium varieties which are in demand at home and abroad. This recommendation is an endorsement of the recommendation made by the Indian Central Cotton Committee earlier this month.

INDIA'S STEEL PRODUCTION BY 1958

Mr. T. T. Krishnamachari, Union Minister for Commerce and Industry, said recently that India's annual production of finished steel was expected to reach two million tons by 1958. The Minister who inaugurated the first meeting of the Structural Steel Sectional Committee of Indian Standards Institution said the steel industry in India reached peak production of 1,360,000 tons in 1941-42. Owing to the intensive use of steel plants during the war period without proper facilities for repair and replacement, this rate of production, however, could not be maintained thereafter. The annual production came down to 854,000 tons in 1948 and could only be brought up gradually to about one million tons in 1952.

The expansion and modernization programme, which was already in the process of implementation, was expected to increase the annual outturn by over 600,000 tons. The new steel plant, proposals for which had recently been almost finalized by the Government would have to begin with a capacity of 350,000 tons.

FIVE LAKH TONS OF SUGAR TO BE IMPORTED

Mr. Rafi Ahmed Kidwai, Union Minister for Food and Agriculture, indicated recently that 500,000 tons of sugar are being imported for the country between February 1, 1954 and March 13, 1955. He added that production of sugar in India this year so far had not been less than the production in the corresponding period last year. The production this year, however, is expected to be lower because the cane crop in Uttar Pradesh has been affected.

GOA'S MANGANESE AND IRON MINES

Manganese and iron ore industries in Goa are facing a crisis following a sharp decline in prices of these ores in the overseas market, it is learnt. The slump has affected the smaller mine-owners mostly and they are finding it difficult even to pay wages to workers. Following the tightening of customs restrictions by the Government of India, general trading in Goa has also suffered heavily.

WORLD OIL OUTPUT

World oil production in 1953 is estimated to have reached the new record level of about 675 million metric tons, according to figures published by the Petroleum Information Bureau. This total includes output of natural gasoline and compares with last year's world oil production of 640 million metric tons. U.S.A. produced 50 per cent of the total output. There has been marked expansion in output from the fields in the Middle East which is expected to reach over 112 million metric tons, well above last year's record total of 105 million tons.

DECLINE IN WORLD COCOA PRODUCTION

World cocoa production for the 1953-54 season is estimated at 1,554 million lbs., a decrease of approximately 7 per cent from the previous season. African production was placed at 1,010 million lbs., a fall of 138 million lbs. Of the decline, 100 million lbs. is attributed to smaller production in Gold Coast as a result of unfavourable weather conditions. North, South and Central American areas continued to reflect rising production.

WORLD STEEL PRODUCTION IN 1953

World steel production in 1953 was 11 per cent greater than in 1952. Total world output in 1953 was 254 million tons, compared with 229.4 million tons in 1952. Well over half of the "free world" production in 1953 was in U.S.A., which produced 111.9 million tons. This was a gain of 18.7 million tons, or 70.1 per cent over 1952 production of 93.2 million tons. Steel production in the United States in 1953 was more than twice as great as that of the entire Soviet bloc which produced 54.3 million tons. The 20 per cent gain in production by the U.S. in 1953 compared with an increase of 16 per cent by the Soviet Union.

BRITAIN'S COAL EXPORTS

Britain's coal exports in 1953 were 13.96 million tons and exceeded the 1952 total by 2.14 million tons. It was the best effort since 1948. There has, however, been a decrease in consumption by foreign bunkers, being 2.86 million tons against 3.33 million tons in 1952.

U.S. CROP ESTIMATES

The final official estimates of production of grain crops in the United States for 1953 are as under:

(In million bushels)

	1953	1952
Wheat	1,169	1,291
Maize	3,177	3,307
Oats	1,216	1,268
Barley	241	227
Rye	18	16
Linseed	37	31
Soya Beans	262	292

The importance of banking to the COFFEE INDUSTRY

COMMERCIAL cultivation of coffee in India dates from about 1830, and is still almost entirely confined to South India. The yearly crop varies between 20,000 and 30,000 tons, most of which is consumed in India. When a surplus of Indian coffee is available for export, it finds ready buyers in fastidious foreign markets.

Without banking, the growth of the coffee industry would have been impossible. The availability of ready funds when needed, the collection of dues in any part of the country, and the other facilities and guidance offered by a good bank—these are an integral part of the structure of the coffee industry.

We at Palai are proud that so many leading coffee plantations, and indeed important firms in every field of business and industry in South India, employ the *complete* banking service we offer.

Current Accounts—Demand Drafts—Telegraphic Transfers—Investments—Bill Collection—Letters of Credit—Deposits—Loans & Overdrafts—Confidential Credit Reports, etc.

* * * *

If you have business interests in the South, it will pay you to open an account with us. Our 24 branches are strategically located, 22 in important South Indian business centres and two in Delhi and New Delhi; and we have correspondents in all important Indian cities. We offer a fully comprehensive banking service at each office.

Our clients can make deposits at any of our correspondent banks, situated in all important Indian towns, and have the amounts credited to their accounts at any of our branches.



PALAI CENTRAL BANK LTD.

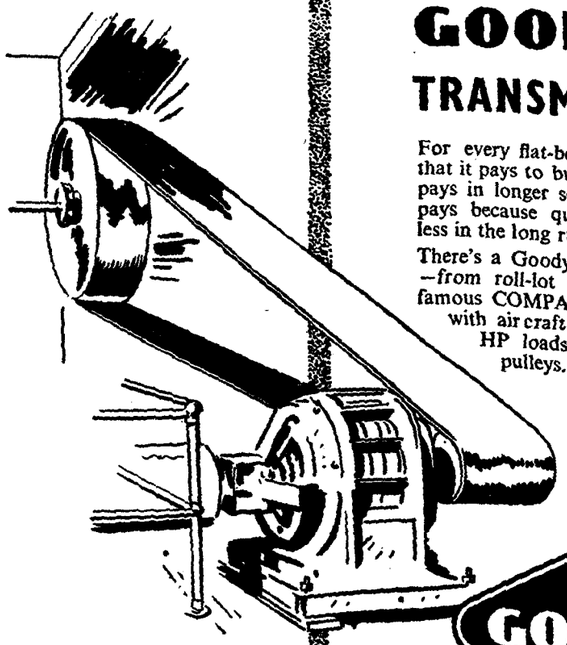
(Incorporated in Travancore-Cochin with Limited Liability).

Head Office: PALAI, TRAVANCORE

Branches at: Madras, Cochin, Quilon, Trivandrum, Alleppey, Mangalore, Bangalore, etc. *Also at:* Delhi & New Delhi.

A LEADING BANK IN SOUTH INDIA

PC. 9158



Your Best Buy
for the Long Pull...

GOODYEAR

TRANSMISSION BELTS

For every flat-belt transmission drive, you'll find that it pays to buy and specify Goodyear belting—pays in longer service, pays in lower maintenance, pays because quality Goodyear belting costs you less in the long run.

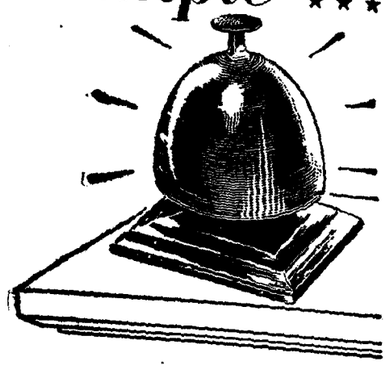
There's a Goodyear construction to fit every need—from roll-lot belting for agricultural use to the famous COMPASS Steel Cable Belt that is bodied with air craft-type steel cables to handle highest HP loads and cope with small, high-speed pulleys.

Ask us for help in belting your drives—and always insist on Goodyear transmission belting.

INDUSTRIAL GOODYEAR PRODUCTS

A shining Example

A gentle rub with Brasso will quickly brighten all the brassware on your office desk. Brasso gives a brilliant, lasting shine.





ATLANTIS (EAST) LIMITED
P. O. Box 664
Calcutta

works wonders!

ASX-11

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360.0*	369.5	619.8	397.4	90.6	100.4	86.8	94.0
June „ c ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	4.4
July „ c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August „ c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September „ c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October „ c ..	385.6	448 0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November „ c ..	378,0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December „ c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
Week Ending										
26-12-1953 ..	368.8	474.5	357.5	364.1	712.5	392.6	90.3	101.8	88.1	98.0
2-1-1954 ..	377.2	471.4	357.6	364.0	712.2	394.9	90.3	101.8	88.1	97.9
9-1-1954 ..	380.1	480.4	360.2*	363.4	709.9	397.4	90.3	101.8	87.8	97.4
16-1-1954 ..	383.5	483.2	361.4	364.6	706.6	399.5	90.3	101.6	87.6	97.3
23-1-1954 ..	386.3	484.3	362.9	364.7*	711.4	401.0*	90.3	101.7	87.6	98.4
30-1-1954 ..	379.8	486.5*	365.2	364.9	708.9	399.6	90.3	101.6	87.5	100.0
6-2-1954 ..	377.5	475.2	362.5	365.9	698.4	396.8	90.3	101.6	87.7	101.0

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

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†
				Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	104	—	106	—	—	—
1948	288	303	243	132	329	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	144
1953	346	363	275	140	349	453	..	..	351	..	..	..
1953 January	330	346	260	135	337	454	381	146	327	144	149	139
February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	—	162	147
November	344	361	280	144	339	453	385	—	353	—	165	144
December	342	359	268	140	329	438	—	—	350	—	—	—
1954 January	—	—	—	139	—	—	—	—	353	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	20-2-1954			13-2-1954			6-2-1954			30-1-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	89-13	86-5	88-1	87-10	85- 9	86- 9	86- 4	84-14	85- 9	85- 6	84- 0	84-10
Silver (per 100 fine tolas)	163-4	162-1	164-12	162- 8	160-11	161-10	159-14	161-12	160-12	161- 8	159-10	160-15

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52:91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
Week Ending										
25-12-1953	1,125,52	10,37	1,135,89	40,02	578,15	618,17	54.42	96,34	421,38	1,135,89
1-1-1954	1,132,15	13,82	1,145,97	40,02	588,15	628,17	54.82	96,42	421,38	1,145,97
8-1-1954	1,154,76	9,65	1,164,40	40,02	608,15	648,17	55.67	94,85	421,38	1,164,40
15-1-1954	1,158,44	15,46	1,173,90	40,02	618,15	658,17	56.07	94,35	421,38	1,173,90
22-1-1954	1,154,84	19,40	1,174,24	40,02	618,15	658,17	56.05	94,69	421,38	1,174,24
29-1-1954	1,156,01	18,37	1,174,38	40,02	618,15	658,17	56.04	94,83	421,38	1,174,38
5-2-1954	1,173,82	9,43	1,183,25	40,02	628,15	668,17	56.47	93,71	421,38	1,183,25
12-2-1954	1,179,56	13,38	1,192,94	40,02	638,15	678,17	56.85	93,43	421,34	1,192,94

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	485
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	414
	(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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
Week Ending														
25-12-1953	110,24	18,79	45,99	56,93	231,95	20,45	262,40	10,60	11,35	144,46	1,84	11,83	74,72	7,60
1-1-1954	113,43	19,48	46,70	58,35	237,97	21,79	269,76	14,07	15,26	139,32	1,15	16,05	76,25	7,66
8-1-1954	107,01	15,05	40,05	58,00	220,12	21,69	251,81	9,80	15,78	122,25	1,95	19,02	75,29	7,72
15-1-1954	98,19	21,47	42,53	57,88	220,07	22,47	252,55	15,68	19,60	114,19	1,26	20,11	73,94	7,77
22-1-1954	98,85	21,90	42,10	58,22	221,07	22,32	253,40	19,65	16,62	114,19	72	21,57	72,81	7,83
29-1-1954	101,60	23,29	38,50	59,02	222,41	22,10	254,52	18,64	15,19	116,17	..	23,93	72,47	8,11
5-2-1954	93,28	19,51	38,08	59,01	209,88	20,03	239,90	9,58	13,15	108,14	55	28,35	71,72	8,43
12-2-1954	91,54	17,00	40,31	62,62	211,47	22,09	243,56	13,57	14,07	101,43	1,02	33,79	71,21	8,47

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

CENSUS OF MANUFACTURING INDUSTRIES—1951

		Sewing Machines	Electric Lamps	Woolen Textiles	Cement	Matches
1. Number of factories employing 20 or more persons and using power.	No.	9	9	51	19	43
a In-existence	No.	9	9	43	19	33
b From which returns were received	No.	100	100	84	100	77
c Percentage of B to A	No.	295	279	293	336	237
2. Average No. of days worked	..					
3. Productive Capital employed						
a *Fixed* Capital						
i Land	000 Rs.	15,81	6,98	14,15	29,10	13,96
ii Factory building	000 Rs.	15,22	46,22	65,23	3,42,27	52,52
iii Plant and machinery	000 Rs.	31,61	69,18	1,31,29	8,64,94	39,72
iv Other fixed assets	*000* Rs.	2,12	3,87	8,30	1,32,01	10,52
Total	000 Rs.	64,75	1,26,26	2,18,97	13,68,32	1,16,72
b Working Capital						
i Stocks of raw materials	000 Rs.	18,53	31,40	3,35,61	5,76,36	1,66,45
ii Stock of finished products and by-products	000 Rs.	20,33	12,78	2,46,78	31,92	20,66
iii Semi-finished products in Stock or in process	000 Rs.	10,78	1,39	1,31,00	54,32	4,61
iv Cash in hand	000 Rs.	2,25	5,95	26,42	60,90	8,64
Total	*000* Rs.	51,89	51,52	7,39,82	7,23,50	2,00,35
Total productive capital	000 Rs.	1,16,64	1,77,78	9,58,78	20,91,82	3,17,07
4. Number of persons employed						
a Workers	No.	2,192	1,426	12,569	18,858	10,957
b Other employees	No.	346	288	1,817	2,769	1,206
Total	No.	2,538	1,714	14,386	21,627	12,163
5. Salaries and Wages paid						
a Workers	000 Rs.	32,75	14,53	1,37,01	1,74,37	1,26,47
b Other employees	000 Rs.	7,78	9,71	50,10	54,79	55,67
c Money value of other benifits or privileges	000 Rs.	1,70	1,21	3,92	18,94	17,68
Total	000 Rs.	42,22	25,45	1,91,04	2,48,11	1,99,83
6. Fuels, Electricity, Lubricants, etc. consumed						
a Quantity						
i Coal	Tons	328	1,537	19,563	10,21,510	3,678
ii Electricity	000 k.w.h.	26,18	18,56	1,26,49	10,90,03	1,29,48
iii Lubricating oils	Gallons	9,089	1,974	39,609	1,32,423	22,169
b Value						
i Coal	000 Rs.	9	44	6,15	2,74,82	1,25
ii Electricity	000 Rs.	1,16	1,02	6,39	46,54	4,05
iii Lubricating oils	000 Rs.	41	13	1,51	5,01	94
iv Others	000 Rs.	1,03	3,00	9,07	25,06	94
Total	000 Rs.	2,69	4,60	23,11	3,51,43	7,18

CENSUS OF MANUFACTURING INDUSTRIES – 1951

(Contd.)

	Sewing Machines	Electric Lamps	Woolen Textiles	Cement	Matches
7. Materials consumed					
Value 000 Rs.	48,50	55,02	10,55,30	7,56,19	3,58,30
8. Amount paid to other concerns for work done by them 000 Rs.	6	1,23	7,45	4,58	82
9. Production					
a Quantity* ..	44,531	1,50,84	..	28,32	2,34,60
b Value 000 Rs.	1,17,04	1,13,13	14,45,51	21,96,34	6,95,75
10. Amount received from others for work done for them 000 Rs.	2	..	1,69	..	23
11. Value added by manufacture					
i Value of products and work done for others 000 Rs.	1,17,06	1,13,13	14,47,20	19,60,57	6,86,48
ii Value of fuels Lubricants etc. 000 Rs.	2,69	4,59	..	..	..
iii Value of Materials etc, 000 Rs.	49,74	55,02	10,12,52	11,26,00	3,68,46
iv Reduction in Stocks (including materials in process) of semifinished products (+ or –) 000 Rs.	(—)25	(—)23	..	..	..
v Finished Parts or products manufactured earlier but used for further manufactre during the year. 000 Rs.	8	..	..	..	..
vi Work done for Industry by other concerns 000 Rs.	6	1,23	..	..	..
vii Depreciation 000 Rs.	3,10	7,39	..	1,11,53	6,83
viii Cost of Transport of materials, Commission to purchasing agents etc. such as are not included in (ii) & (iii) 000 Rs.	5	12	3,03	..	..
ix Value added by manufacture 000 Rs.	61,58	42,63	4,10,88	7, 3,04	3,11,18

* Sewing Machines in Numbers. Electric Lamps in Thousand numbers. Woollen Textiles—Yarn—48,32 ('000 lbs.); Cloth—45,36 ('000 yds.); Shawls—8,38 ('000 No.); Rugs and Blankets—8,53 ('000 No.); Cement in Thousand Tons; Matches in Thousand Gross.

Firestone

TYRES NOW

Super Gum-Dipped

Firestone's new *Exclusive* Super Gum-dipping process gives a cord body that is up to 60% stronger for resisting impacts and provides maximum protection against bruises, separation and the effects of tyre heat. Whatever you want in a tyre—blowout safety . . . skid protection . . . long service . . . high speed safety . . . economy . . . dependability . . . you'll find in Firestone Tyres which are now Super Gum-dipped.



Indian Industries

need

modern methods, modern equipment

Higher output and consequent profits seldom come from obsolete machinery. Examine our rate of progress in industrial production in 1953 over the previous year. In food, there has been a 10% increase while in industry as a whole, only about 4%.

For the very latest in equipment, visit

German Industries Fair

Combined Heavy & Light Industries Fair,
Hannover - 25th April to 4th May, 1954

Write for full particulars to the Official Indian Representatives: AJANTA ADVERTISING 4th Floor, Carlisle Chambers, Apollo Pier Road, Bombay 1

ajanta

Mobildiesel for marine transport, lighting sets, earth-moving equipment, refrigeration, sawmills, tractors, buses & trucks

There's no finer fuel for high-speed diesels!

Mobildiesel

FORMERLY
Standesol Automotive

MADE BY THE MAKERS OF Mobilgas, Mobiloil and Mobilpower

Cuts out 'knocking' and helps you to get quick, easy starting
Gives top power and takes big loads further, on less fuel
Keeps engines clean and reduces deposits in combustion chambers
Avoids corrosion and helps to prevent piston rings sticking

STANDARD-VACUUM OIL COMPANY
(The Liability of the Members of the Company is Limited)

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

SECRETARIAT LIBRARY 16MAR1954 MADRAS GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 11. NEW DELHI: MARCH 12, 1954. ONE RUPEE

CONTENTS

	Page
LEADING ARTICLES:	
THE BUSINESS MIND	425
EGYPTIAN COMEDY	427
PARLIAMENT AND FINANCE	428
THE WEEK'S NOTES	429
The Return of Sardar Panikkar; After Stalin—Transition or Consolidation?; Conciliation in Kenya; Heavy Odds Against History Teaching; Expectation of Life in India.	
WORLDGRAM AND NEWS IN BRIEF	433
WINDOW ON THE WORLD	
Odysseus on "The Queen and the Commonwealth"	437
BOOK REVIEWS	439
A DELHI DIARY	441
SPECIAL ARTICLES:	
THE VOTING IN THE TRAVANCORE-COCHIN ELECTIONS	442
DEBATE ON THE INDUSTRIAL FINANCE CORPORATION	443
THE BUSINESS WORLD:	
Vanaspathi Faces the Future	445
The Staple Fibre Industry	445
Art Silk and the New Levy	446
BUSINESS NOTES	449
Debate on Railway Budget; Indian Tea in 1954; Small-Scale Salt Manufacture; Trade with U.K.; Wood Screw Industry; Food and Trade in Asia.	
COMPANY AFFAIRS	452
CURRENT STATISTICS	461

The Business Mind

THE 27th meeting of the Federation of Indian Chambers of Commerce and Industry held on March 6 and 7 at New Delhi will be ranked by impartial observers as one of the most significant business meetings ever held. Not, indeed, that there was anything dashingly original in the suggestions made or in the resolutions adopted. What was new was the conviction which business men were able to convey that their philosophy could stand comparison in moral terms with that of any of their critics. Hitherto, there has been a notable reluctance to claim that the demands of the private sector were fully in accordance with the total national interest. It was generally argued that they were good for production; or good for the investor; or merely good in principle in that the recognition of a private sector necessarily involved, as a logical step, the removal of dictation by the public sector. On this occasion, Mr. R. G. Saraiya, the President of the Federation, referred in a notable paragraph of his speech to the fact that business men had to recognise the principle of service as being superior to the profit motive by itself. The point was taken up by Mr. G. D. Birla, who, on Sunday, moved the main resolution on 'Unemployment' and 'Economic Development'. Mr. Birla's exhortation to the young business man was that he should abandon the amassing of wealth as the main criterion of success. Reputations today in India were to be built on other things; on the capacity to lead; on the capacity to organize; on the capacity, while producing efficiently in an economic

sense, to serve the paramount end of creating and distributing wealth on the widest possible base.

It was this pronouncement which marked at this meeting the change in the Indian business mind. It would be foolish to pretend that Mr. Birla's views in this matter are shared by the great majority of Indian business men. They are not. The great majority of Indian business men attach at the present time far more importance to the making of money than is good for themselves or for the country. The Prime Minister's only rebuke to business men on this occasion concerned the ostentation, some of it undoubtedly artistically vulgar, which business men often display. This rebuke was just; but, as Mr. Birla pointed out, even if business men did not correct themselves on this point, the Estate Duty would do the job for them. In fifteen years from now there would, he said drily, be no opportunity for ostentation, "vulgar or even decent". This is the guarantee that the Indian business mind, which is still largely addicted to money-making as a supreme end, will adjust itself to India's changing society. There was enough response even in this meeting to Mr. Birla's appeal to suggest that the change will take place long before the Estate Duty makes it inevitable. There was an earnestness in the speeches which followed which showed that many other leading business men, notably Mr. Shanti Prasad Jain and Mr. G. D. Somani, were of the same healthy cast of mind.

The battle of ideas inside the Indian business community is, however, not yet over. But two things at least give cause for optimism. The first of these is that the purposes for which Mr. Birla was arguing are not purposes accepted only by the best leaders in Indian industry. They are purposes which have been decreed by the broad character of public opinion in the Indian Revolution. The business man who fails to adopt the new philosophy must lose out; it is futile for him to kick against the goad. Secondly, in any case, the capacity of the business man to attract business to himself depends, as Mr. Birla pointed out, on a quite new appreciation of what is happening in the public sector. Already business conditions are being transformed by what is happening in the community projects, the areas of the great multi-purpose projects, and the demand from agriculturists whose real incomes have increased following a rise in agricultural production. If the narrow business man will be thwarted by the political and social changes of the Indian Revolution, he will be thwarted even more by economic blindness which will prevent him from seeing how tremendously his interests are now bound up with the great transformation included in the activities of the public sector.

One of the most interesting aspects of Mr. Birla's speech was the spelling out of some of these points which had been raised earlier in a different form by Mr. R. G. Saraiya in his Presidential address. It was no good, Mr. Birla said, for business men now to look after their own business only. There was a silent revolution going on in the countryside; they had to go out and see community projects, one or other of which could be found within a hundred miles of their places of business. Again, it was high time that the Federation gave its mind to a competent research study of the effect of the large injection of new money by deficit financing or otherwise into the Indian economic system. Mere generalities, like that we needed more purchasing power, were not enough. It was necessary to track down the money that went into the system; at the other end it was necesary to study what was happening to the new production which the agriculturist was bringing forth. Was he consuming it all, or was there to be a significant increase in his purchasing power by reason of larger sales? The business man had a vital interest in enlarging his sales in the rural areas. Why had the Federation not undertaken research to that end?

The answer here is not far to seek. It is partly lack of research appropriations in the Federation Secretariat. For an institution of the importance and influence of the Federation of Indian Chambers of Commerce and Industry, the present budget of the Federation which runs to about Rs. 2.6 lakhs per year is a standing disgrace to Indian business understanding. The British-controlled Associated Chambers of Commerce operate on many times this figure, apart from having far greater resources in the Secretariats of the Industrial Associations which operate from the same building. What has prevented Indian business men from making the necessary funds available is not lack of finance. It is a wooden outlook on the whole question of economic analysis and research; and, with even less justification, a total lack of understanding of the value of good secretariat work. Even to this day one can count on the fingers of one's hand the names of Indian business houses adequately equipped to present really competent memoranda on large issues of public policy.

It is because of this great weakness that much should be made of the point that Mr. Birla made that it is no use now, with very altered conditions, for resolutions at Federation meetings to go on haranguing the Government of India as in the days of old. Good wine needs no bush; if the case was good and well presented, as was Mr. Birla's philosophy, it can be addressed to the people. There is enough mature judgment in the Indian people to appreciate public spirit in whatever form it may appear. The real trouble about Indian business men is not that they have no case. Many speeches at this Federation meeting showed how basically strong the case was. Indian business men in the last few years have done things; they have not merely talked. But the time has come for them now to do some more talking. And unhappily for talking and writing in this democratic age most Indian business men are very ill-equipped.

The position is certainly improving but no one living in New Delhi can be convinced that it is improving fast enough. And the reason for this hesitancy in good public relations is partly a defect in early training which prevents many business houses from seeking talent on the widest possible intellectual base. Considerations of family and community continue to prevail over the real needs of business, and because the value of public relations is not fully appreciated, the salaries to draw very able men into Indian business are not forthcoming except in a few outstanding firms. There is urgent need, even at this late hour of the day, for many large firms to revise altogether their conception of Chamber and Advisory work. Most business men look upon Chambers or Economic Advisers merely as instruments to be used, as cheaply as possible, for the propagation of their views. The idea that the Chamber or Economic Advisers might serve as a valuable corrective to their own ignorance or lack of economic understanding is rarely entertained.

This meeting of the Federation has been valuable in turning the searchlight a little inwards. The leaders of front rank in this meeting showed that they have a sound appreciation of the country's interests and see those interests in accordance with their own. They cannot leave the matter there. There is urgent need for correctives to be applied to the business mind just as there is urgent need in the public sector for an appreciation of the extent to which the Indian business mind has changed. It is sincerely to be hoped that the work thus happily begun will be pushed forward rapidly to an early conclusion.

Egyptian Comedy

THE exciting political developments in Egypt, which commenced on February 25, and left the rest of the world wondering for a time, have now ended without any apparent change in the status quo. The events had all the characteristics of a political drama bordering now on comedy. They proved, perhaps, that palace revolutions could take place even if there were no royal palaces. The significance of these swift developments has as yet escaped even the most intrepid among the experts on the Middle East and on Egypt in particular. It passes ordinary understanding how General Naguib, openly accused on February 25 of the worst offence of sabotaging the work of the Revolution Council, placed under house arrest after serious consideration of the question of ending his life, could have been received back into the bosom of his accusers in a spirit of camaraderie. Obviously, what has been known so far is not the whole truth, and General Naguib has indicated that the real story behind these developments will become known only at some distant date.

These events have, however, given a shake-up to the very confident, and sometimes even complacent, interpreters of the Egyptian situation, who have tried to predict the course which Egyptian policy would take in relation to the countries interested in this area. It has been hitherto readily assumed that General Naguib was only the symbol of the Egyptian Army revolution and that the real power behind the revolution was Col. Nasser, who temporarily took over General Naguib's role on February 25. The theory was based on the fact that General Naguib was in the first instance a nominee of the Council and that Col. Nasser had not only controlled the support of all the members of the Council, but had also been more firm and clear-headed about the policies of the military dictatorship. In spite of such a key position, Col. Nasser has now been unable to have his way with General Naguib, showing that in the still fluid state of Egyptian politics, political currents cannot be regarded as having stabilised in any particular manner.

There has been one other recent parallel to such falsification of the facile views of political analysts about the location of power in the political set-up of the Middle East countries. For long it remained a firmly held belief that Dr. Mossadeq alone held the key to the future of Iran, and that no outside power could think of any alternative to negotiating with him and on his terms. The events of August 16-19 last year belied these assumptions and the aftermath of the Royalist triumph has shown that other centres of stable power could emerge. In Iran, popular acclamation of Dr. Mossadeq seemed to make his authority invincible, just as the army support assumed for Col. Nasser appeared to make the latter the inevitable successor to power. In Iran, that popular support for Dr. Mossadeq proved fickle, or was in any case forfeited when he took the extreme course of challenging the Shah himself. In Egypt, apart from the split in the army itself, popular feeling has been overwhelmingly in favour of General Naguib. It shows that the small group of army men, who were themselves under a necessity to find a sufficiently respectable and worthy symbol for their movement in General Naguib, could not control the actual extent to which the influence of that symbol was being built into the minds of the people.

Even if there was nothing to detract from Col. Nasser's status as the power behind the throne, other external factors had altered the relative status, as it had altered Dr. Mossadeq's position in Iran. This may not exactly imply a complete ascendency of the popular will but it does seem that modern coups d'etat, whether military or otherwise, cannot long exist without being responsive to the popular wishes. The same moral may be drawn from the dramatic events in Syria which coincided with the Egyptian developments. The Shishakly dictatorship had, on the whole, been a benevolent, though a firm, one and the attack on its existence came, curiously enough, not when it was becoming firmer but when there was a genuine move to relax the dictatorship. General Shishakly, like Col. Nasser, bowed to the inevitable, though in either case an attempt could have been made to resist with bloodshed the forces that compelled them to surrender. Such patriotism is entirely to their credit.

For all outward purposes, the situation in Egypt may continue to remain as before. Whatever policy differences there were are not now known. In Syria, the exile of General Shishakly has been interpreted as a development favourable to the Western policy of creating Middle East solidarity around the nucleus of Turkey, Iraq and Pakistan. No such clear-cut differences in the attitudes of General Naguib and Col. Nasser are discernible, either in their attitude to the question of the Suez or on the Middle East Defence System. General Naguib had, in spite of his recent severe indictment of the Turco-Pakistan pact, expressed several times that once the Suez question was settled, Egypt would recognise her vital links with Western policy. There has undoubtedly been a good deal of equivocation about this matter in public declarations, in which Col. Nasser has not taken a leading part. But quite recently he was quoted as having said that the Middle East should be independent of the domination of powers, Western or Eastern, and should "live in peace far from the struggle and win the friendship of all". It is too soon to say that the recent events implied a reverse for this view in Egypt, as it seems to have been in Syria.

But it is clear that if Col. Nasser had been the astute, strong and shrewd personality behind General Naguib as reports have described him, he should not have committed this grave miscalculation of the position that General Naguib had acquired. Not the least of the advantages of that position was the General's influence in the Sudan, which has yet to decide its future relationship with Egypt. General Naguib's relationship with the Sudan through his mother and his popularity there had been assets in the diplomatic success of Egypt in the Sudan settlement and in the subsequent elections. The effect of Col. Nasser's miscalculation has been to restore General Naguib with reinforced prestige and authority. But the crisis has now helped to fix the date on which there should be a resumption of normal political life. Events between now and the end of July may alter the programme but this decision is significant for the realisation shown by the military group that it cannot continue in power indefinitely. Egypt's foremost problem being a settlement on the Suez Canal dispute, it was inconceivable that a foreign power would regard a settlement reached with a military dictatorship as final. Further, if the idea was that the military leaders themselves should infiltrate into Egyptian political life in order to maintain the standards so far enforced on political parties, the popularity of General Naguib should prove an asset too good to be lost. The significance of recent events which have seemed too farcial to be taken seriously, has, therefore, to be sought in this acquisition of additional and unexpected importance by the General.

Parliament and Finance

THE general debate on the budget, which has just concluded in the Council of States, has been more or less formal and, for this reason, entirely un-illuminating. This is unavoidable, perhaps. The restraints within which Parliament can discuss finance are very considerable; and it is not unfair to say that tradition has prescribed that criticism should be along two main lines, namely, concern with the measures proposed in regard to the revenue deficit, and the ventilation of grievances regarding the exclusion of particular schemes of expenditure. It is necessary to examine at the present time whether this tradition should not be changed. It will be useful also to understand exactly what control, if any, Parliament can exercise over the executive in financial matters.

One or two matters must obviously be referred to at the outset. Parliament's formal control extends only to the issues from Consolidated Fund. The Public Account, however, is not the less important for the reason that it is not regulated by the votes of the House; and similarly, the House's powers to prescribe the limits, within which the Government can borrow, are not the less useful and relevant, because there has been no occasion so far to use these powers.

It has been suggested in order to extend Parliament's formal control that a Development Loan Bill should be presented every year; and if it is possible at the same time to include within the Consolidated Fund all the items of development expenditure, whether or not they are voted at the present time, this will make the discussion additionally more realistic. Since deficit-financing is to be undertaken regularly hereafter in the Central budget every year, it may also be necessary for Parliament to think of restraints within which the executive can be allowed to borrow. But before these powers are acquired or can be usefully exercised, the fundamental problems of economic development will have to be much better appreciated.

The parliamentary system is designed particularly to reduce expenditure. Both British and American rules of procedure are based on the recognition of this need; and within India itself, a report on the control of expenditure by a Sub-Committee of the Public Accounts Committee has exhibited recently grave concern at the possibility that the votes of Parliament may, in practice, be exceeded. A question of some importance which arises, out of this report, however, is whether, if a country's main problem is to achieve certain levels of expenditure within a stipulated time, an excessive and exclusive preoccupation with formal sanction to expenditure will be justified. Expenditure will have to be covered in time, no doubt, and will have to be sooner rather than later by Parliament's votes. But there are certain other matters to which Parliament should be devoting equal or even greater attention.

There is accuracy of budgeting, for example. It is no exaggeration to say that the budget of the Government of India today is in some danger of becoming, not a record of actual and estimated expenditure as it should be, the estimates being made as accurate as possbile having regard to the probabilities, but a string of certain targets, which as time passes reflects more and more the wishful thinking of the concerned ministries. Matters have now reached a stage at which one may honestly wonder whether any serious discussion of deficit-financing, based on the estimate that it would be of the order of Rs. 250 crores, will be worth while.

The trend of development expenditure within the Plan period so far does not lead to the belief that the heavy programme, which has been undertaken in the coming financial year—about Rs. 565 crores—can at all be carried out. In these circumstances, the Finance Minister had necessarily to choose one of two alternatives in framing his estimates. Either he could carry forward the arrears of spending, hoping that the rate of spending can be stepped up in future, as much as may be necessary. Or, he could choose, instead, to make the Central Government's budget realistic, accepting the inevitable fact that the Plan is going slow. Posed in these terms, the choice involves difficulties. But there is much to be said, on balance, for making the budget realistic rather than wishful. Parliament, by insisting on the accuracy of the estimates, can and should give the appropriate directives to the Ministry of Finance.

The accuracy of estimates is a matter of very great importance now, because the coming budgets will be based on the principle that it will be all right to cover the requirements of the Centre residually by inflationary borrowing from the Central Bank. It is too late in the day for anyone to question this principle. On the other hand, the size of the permissible deficit has already been widened from the Rs. 300 crores, which was mentioned in the Bernstein report, to anything from Rs. 500 crores to Rs. 600 crores. As long as this is the present or prospective budgetary position, it must be a matter of some importance to forecast the measure of the actual deficit every year as accurately as can be managed. It is not enough that the expenditure estimates should be made accurate rather than wishful. Parliament must also be satisfied that the receipts in the budget, particularly within the Public Account, have been stepped up to the fullest extent possible, so that the borrowing is needed only to cover the minimum residual needs.

The gross inflationary effect of the deficit thus arrived at is intended to be offset in two principal ways, namely, increased production and increased imports. These are, therefore, relevant, if Parliament begins to think, as sooner or later it must, of prescribing borrowing limits for the Government of India, as in the United States, in the exercise of the powers which are conferred for this purpose by Article 292 of the Constitution. There is one other criterion which is or should be relevant. As the Bernstein mission has pointed out, the new money supply, which inflationary borrowing from the Central Bank will create, should be available to the private as to the public sector. It cannot be the monopoly of the public sector only, as it may well become, if no one does anything about it.

The time has now arrived when the conventional approach to the Indian budget can no longer be adequate. Financial policy in India is becoming what it has not been so far, namely, increasingly positive. This means that the traditional functions of Parliament will, of course, continue. It will be necessary to enforce economy, because the country is after all poor, and to ensure also that there is equity, because the burdens of planning will not otherwise be evenly spread. But alongside of these traditional functions, there is also the need now to watch the effect of the present unorthodox measures of finance, which the country has deliberately chosen on a calculation of the risks. It is for this purpose that Parliament has to educate itself. This week's debates in Parliament conclusively establish this point.

THE WEEK'S NOTES

THE RETURN OF SARDAR PANIKKAR

Sardar K. M. Panikkar's Convocation Address at the Patna University marks the return of an active, and sometimes intriguing, personality to Indian public life in the domestic sphere. His role till now, as India's Ambassador, first at Peking and later at Cairo, was aimed at shaping, as much as any diplomat can successfully attempt such a task, India's foreign policy. In both assignments, he has been succeeded by persons with much less initiative and capacity to influence fundamentally the course of policy. This may be interpreted either as the success of the foundations so laid, which helped less enterprising persons to step in without difficulty, or as avoiding the embarrassments which over-active representation abroad may cause to the policies decided at home. However, Sardar Panikkar's return to the country should help to energise Indian political life by contributing new ideas at a time when staleness has set in through the tiresome repetition of worn-out cliches.

Sardar Panikkar has made a start in that direction already in his highly stimulating address to Patna graduates and there will undoubtedly be many more such opportunities for him to expand on other themes relevant to the present times. His great scholarship was applied to the task of defining India's role at the present time in a perspective which, paying due attention to her geography, history and tradition, transcended the limitations which have been incorporated by others who have been enslaved by that tradition and history. The ancient glory of Nalanda provided the peg on which to hang a theory of internationalism and the need for intellectual curiosity and spirit of adventure. He emphasised the historical role of English, the richness of the regional languages and the vital importance of developing "our national language as a medium of all-India thought and culture." His work in the States Reorganisation Commission should provide him the opportunity for reconciling what appears to many to be difficult to reconcile except by repudiating one or other of these three linguistic influences.

There would, however, be a wider acceptance of his timely reminder that though civilisation was not mere material prosperity, material prosperity was essential for all civilisation and for the creation of things of beauty. Unlike an economist, obsessed with the statistical consequences of development in India, Sardar Panikkar as a historian sees in our irrigation projects and factories and community projects something of the revival of the glories of Ellora and the Taj. This provocative address had, however, also a very provocative ending. The situation in India now, he declared, was characteristic for the gradual attempts being made to substitute the collective conscience for defining those standards and values which were formerly decided by tradition or authority. Democracy, he said, must concede the right even to totalitarian systems to persuade the people, for otherwise it would amount to a denial of democracy. Democracies do give free scope for such persuasion. The real issue was whether a democracy should or should not prevent a reversion to new authority and new traditions which are more deadly and more cramping than the old. The right of persuasion is misconceived when it makes persuasion to totalitarianism final at one point of time and subsequently binding not only on the same but all succeeding generations. The superiority of the democratic society arises from the fact that persuasion is continuous and uninterrupted. Sardar Panikkar having raised the issue should, perhaps, not have left the argument incomplete, especially when he was seeking to influence impressionable youth.

AFTER STALIN—TRANSITION OR CONSOLIDATION?

The first anniversary of Stalin's death on March 5 provided the occasion in all Western capitals for an assessment of the changes that have occurred in the Soviet Union in the last twelve months. The verdict was that there has been no change in the fundamental objectives of Soviet policy in relation to the rest of the world. This opinion was largely reinforced by the Soviet attitude at the Berlin Conference of Foreign Ministers. There has undoubtedly been a great deal of impatience in expecting changes in Soviet policy and to some extent the present verdict may seem premature. It was obviously unwise to expect that a Big Power would not seek to consolidate its internal and external position, however questionable might have been the methods employed earlier in securing that position. The world may have to wait much longer to know whether behind the new conciliatory gestures and diplomatic courtesies practised by the Soviet Union, there lies a genuine desire to move in the direction of peaceful coexistence. While it waits for more reliable indications of such movement, the West is inevitably compelled to continue its plans for being prepared for the worst.

Some of the internal changes have certainly been drastic. The fall of Beria, who only a year ago was so high up in Stalin's estimation that he could not be ignored, was no small matter. The decision to increase the welfare standards of the Russians and to devote more resources to consumption indicates that the contentment of the people has become a top priority. There has been open dissatisfaction with the progress of Soviet agriculture and new policies and incentives have been planned. These are not minor changes to effect in the course of a year of the Malenkov regime. In the international sphere, the prospects for East-West trade have improved and the recent talks in Moscow on Anglo-Soviet trade promise substantial expansion of trade, though the scope for such expansion has been highly exaggerated. Whether all these changes were planned even during Stalin's lifetime has been debated. They might well have been and even if optimism is stretched to the point of hoping that other changes in the international sphere might also have been thought of, for implementation in due course, it should be no ground for wishful thinking.

CONCILIATION IN KENYA

For the first time since the beginning of the campaign against Mau Mau terrorism in Kenya, hopes have been raised of bringing about an early surrender of the terrorists through a more conciliatory approach to the Kikiyus. The hideous Mau Mau ritual and the fanatical adherence of a substantial section of the Kikiyus had been sufficient justification till now of the savage reprisals and shocking excesses practised by the Government forces. The logical conclusion to this war could only be the virtual extermination of the Kikiyu tribe in order to make the land safe for the European settlers and for their enjoyment of their privileged position in the White Highlands. It is not a prospect to be contemplated with a clear conscience. The initiative taken by General Erskine in interrogating the Mau Mau leader, General "China", and the latitude given to the latter to negotiate with the other Mau Mau leaders are therefore commendable. The results have been encouraging and there is hope for an alternative course of policy. If clemency and conciliation can now persuade the Kikiyus to abjure Mau Mau methods, the Kenya Government must halt its shooting war to explore the possibilities of a compromise.

Unfortunately, the reactions among the White settlers have been otherwise. Even Mr. Blundell, who

once derided the policy of finding safety in bullets and who is regarded as the leader of liberal opinion among the settlers, has characterised the new policy as a "sell-out", on the assumption that the Mau Mau mentality could never be cured or changed. This fanaticism on the other side can be equally dangerous to the future success of negotiations. Such an assumption not only fails to take account of the successes achieved elsewhere in Malaya and in the Philippines in taming violent outlaws but also ignores, perhaps deliberately, the fact that Mau Mau is of recent origin and that large numbers of Kikiyus must have been drawn into the business through fear and intimidation. If the ring-leaders could be persuaded to abjure it openly, it may give the chance to thousands of others to redeem themselves from the awkward predicament into which they have been drawn involuntarily. It would be sheer folly if the Kenya Government allows itself to be guided by this opinion.

HEAVY ODDS AGAINST HISTORY TEACHING

The five 'lakshanas' or features prescribed for the Puranas—Primary Creation, Secondary Creation, Geneology of Gods and of Rishis and dynastic history of the mundane monarchs—may sound archaic in the modern context but they are nearer to the conception of history (of such moderns like H. G. Wells) as the history of the universe and of the world as a whole. The Conference on the Teaching of History held last week did not approach the problem of history teaching in any such large perspective. There was even a suggestion that too detailed an acquaintance with world history might tend to overshadow the significance of national history. National history was thus seen as exposed to dangers from two sides, the other being the study of regional history. The golden mean in this, as in everything else, will probably elude our search. But the large number of recommendations at this conference on a variety of matters will not hold out the promise that the teachers are quite clear about their objectives.

There has been a long period of neglect of the teaching of history and the other humanities. The emphasis till now on the natural and the physical sciences diverted talent away from history; and history teaching has to start with the problem of finding the teachers and the authors, who could discover the appropriate balance between all the factors. By one simple 'ipse dixit' to the effect that at the university stage the medium of instruction in history should be the regional language or the national language, much of the available material in books or teachers is further condemned to remain out of commission. Finally, there is the irrepressible enthusiasm of the politician to prescribe what is good in education. An instance of such enthusiasm was the decision that the I.A.S. trainees should imbibe the Five-Year Plan in the place of history, regional, national or universal. The odds against history are heavy at the moment even if the question had not been complicated by the language at the university level. The latest decision should provide the 'coup de grace.'

EXPECTATION OF LIFE IN INDIA

The estimate of life expectation in India on the basis of the census data of 1951 is 32.45 years for males and 31.66 for females. It shows only a very slight improvement over the estimate made by Prof. Kingsley Davis on the census figures of 1941, of 32.09 for males and 31.37 for females. In 1931, the corresponding estimates were 26.91 and 26.56 for males and females respectively. Prima facie, the conclusion is that the decade before the war contributed much more to longevity than the succeeding one. It is, however, claimed that there has been a refinement in the technique of collecting data in 1951 which has enhanced the value of the figure now calculated. This has been described as the "single year age tabulation of a 10 per cent systematic sample of the entire population", which enabled a detailed study of the peculiarities of the Indian age returns. Till now the most reliable figures available were only those of Oriental Ultimate Experience (1925-35) based on data relating to insured lives and hence limited to a special section of the population.

The percentage of Indian males surviving to age 20 is now 58 and to age 32 is 50. The figures for these ages for the better developed countries are 80 per cent and 65 to 70 per cent respectively. India is still very low down in the list of countries arranged in descending order of expectation of life, in spite of the visible improvement in the last two decades. This is largely found to be due to the heavier infant mortality, the expectation of life at age 20 exceeding that at birth. The exception, however, is the high mortality rate among women in the reproductive period.

A matter for satisfaction is the improvement now effected in the technique of collection of data on these aspects of the census. This has been due to the special pains taken by Mr. S. P. Jain, the Census Actuary, to devise and adapt methods suited to Indian conditions.

THE EASTERN ECONOMIST

(Subscription Rates)

	Payable in advance India	Foreign
Annual	Rs.	Rs.
Half-yearly	50	66
	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9|- per year.

Foreign air rates on application. Offices in New York, London, and Tokyo.

Manager,
THE EASTERN ECONOMIST LTD.,
52, Queensway,
NEW DELHI.

THE
HIND
BANK
LTD.
9, ROYAL EXCHANGE PLACE, CALCUTTA.

FOR COMPLETE BANKING SERVICE

SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 22,00,000

Connections in all principal centres of the world

Chairman
Mr. K. P. GOENKA
General Manager
Mr. S. D. PARDIWALLA.

WARNING

Certain unauthorised persons are reported to have booked orders and collected advance payments for these well-known brands of sewing threads. So that the public may be careful in their dealings with such persons in future, we announce that the following firms only are our representatives for our yarns and sewing threads:—

BOMBAY 4	Messrs. Nahalchand Laloochand Ltd. Kantilal House, 14, New Queen's Road
	Messrs. Himatlal Laxmichand Ltd. Kantilal House, 14, New Queen's Road
DELHI	Messrs. Nahalchand Laloochand Ltd. Sadar Bazar
AMRITSAR	Messrs. Nahalchand Laloochand Ltd. 275, Katra Moharsingh
CALCUTTA	Messrs. Nahalchand Laloochand Ltd. 7, Swallow Lane
BANGALORE CITY	Messrs. Himatlal Laxmichand & Co. 95, Mamulpet
MADRAS 3	Messrs. Nahalchand Laloochand Ltd. 99, Nainiappa Naick Street, Park Town

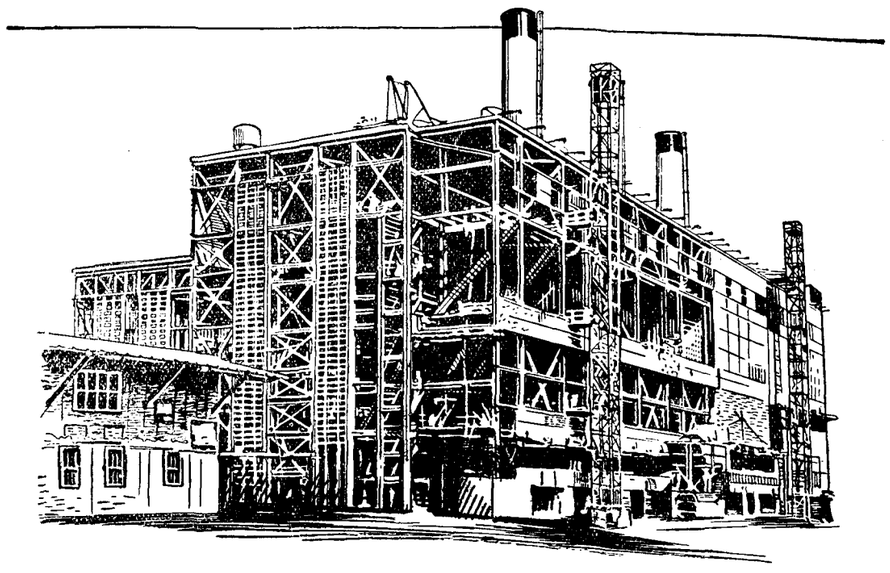


KOHINOOR MILLS CO., LTD.

Agents: KILLICK INDUSTRIES LTD.

Sole Yarn Selling Agents: NAHALCHAND LALOOCHAND LTD.

POWER IN INDUSTRY



The Thermal Power Station at Bokaro is the largest of its kind in Asia, with an initial capacity of 150,000 k.w. expandable to 200,000 k.w. Built at a cost of Rs. 13.8 crores the Bokaro Power Station represents one of the major triumphs of India's industrial progress.

STEEL played one of the most important roles in the construction of this giant station, no less than 6,500 tons of the heaviest rolled steel ever used in India going into the building and equipment.

From the cranes and draglines of the early stages to the final installation of massive boilers and generators STEEL has made an essential contribution to the generation of power—the driving force of industry.

STEEL FOR PROGRESS

INSERTED BY THE INDIAN IRON & ISCO STEEL COMPANY LTD MANAGING AGENTS: MARTIN BURN LTD.

BX-46

WORLDGRAM

TRADE

Tariff Commission's Recommendation: The Tariff Commission in their report on the continuance of protection to the fountain pen ink industry recommended *inter alia* that industrial units, particularly those producing foreign brands of ink, should clearly mark their products both on the bottles and on the paper cartons as "Made in India". The Government of India have accepted this recommendation and have accordingly issued a notification under the Indian Merchandise Marks Act, 1889, to the effect that fountain pen ink and inks of all kinds produced in India should have the country of origin marked on the bottles and paper cartons. This notification will come into effect from June 6, 1954, so as to give time to importers and the domestic industry to follow the new regulation of marking.

* * * * * * *

Hungary Steps Up Trade Drive: Hungary is planning to exhibit goods in 15 big world cities this year. This is a considerable increase on last year when Hungarian goods were on show at nine exhibitions. The first exhibition this year was in Cairo, opening on January 29. Others will be in Casablanca, Milan, Frankfurt, Sao Paulo, Montevideo, Leipzig, Helsinki, Vienna, Stockholm, Toronto, Teheran, Djakarta, and in Pakistan. Syria has asked for an exhibition in Damascus.

INDUSTRY

Cutback in French Jute Production Likely: There are possibilities of a serious cutback in French production of jute goods during the current year, due to the threatened loss of some important export markets, notably the United States. France's production of jute yarn during 1953 is estimated to amount to 91,000 tons and of cloth to 69,000 tons, compared with 85,000 and 69,700 tons, respectively, in the previous year. The 1953 figures are said to include 30,000 tons for export, of which 15,000 tons were for destinations abroad, compared with 11,400 tons in 1952, and 14,500 tons for the French Union as against 15,200 tons in 1952.

* * * * * * *

Caltex (India) Limited: The appointment of Mr. H. C. Hose as Vice-President, Marketing, was announced by the California Texas Oil Company Limited. Mr. Hose has been Assistant Vice-President and General Manager in New York in charge of the Company's European Division. In 1927 he became a Field Engineer for the Texas Company at the Port Arthur Works. He subsequently held the positions of Assistant Area Engineer and Area Engineer and in 1930 became Assistant Chief Engineer. In 1936 he was transferred to the Lockport Works as Chief Engineer, and in 1937 to New York City as Assistant Chief Engineer, Refining Department. From 1939 to 1944, Mr. Hose was Assistant Superintendent of Beacon Research Laboratory and in 1944 he was transferred to Foreign Operations, becoming Manager of Foreign Operations in 1947. In his present position Mr. Hose will continue to direct the affairs of the European Division for Caltex.

* * * * * * *

Dutch Company to Manufacture "Terylene": Imperial Chemical Industries Ltd. have concluded a licence agreement with Algemene Kunstzijde Unie, N. V. Velperweg 76, Arnhem, the Dutch manufacturers of rayon and nylon, under which the latter company will have the right to manufacture in the Netherlands and Belgium the new versatile synthetic fibre "Terylene". In addition to production by I.C.I. at the great factory now being built in the United Kingdom at Wilton in North Yorkshire, this fibre will be produced in France, Italy and Western Germany and also in Canada, where Imperial Chemical Industries of Canada Ltd., are building their own plant for the production of "Terylene" at a cost of more than $20,000,000.

* * * * * * *

The German Industries Fair, Hannover: At the German Industries Fair, Hannover 1954, open from April 25, to May 4, there will be, among other exhibitors, 168 firms manufacturing hand tools, precision tools (including some machine tools) and gauges, complemented by abrasives and polishing materials. The Fair will include 174 firms making all kinds of textile machines, textile testing machines, laundry machines and various other machinery for the clothing industry including sewing machines and accessories, many of which will be shown in action. All types of machines used for woodworking, including some foreign ones, will be on view. A section of the exhibition is to deal with office equipment (office supplies) paper goods, mechanical and other office appliances), including drawing requisites, office furniture and packing materials. The latest models in typewriters, bookkeeping machines, calculating machines, addressing machines, duplicators etc., will be on display. At the Fair, the group transport technique, which includes, inter alia, stacking trollies, belt-conveyors, assembly line conveyors, roller conveyors, electric trucks, stapling and transport containers etc., will be housed in a special reserved hall. The *International Containers* Exhibition will also take place.

FINANCE

Japan's Budget for 1954: The Japanese Lower House recently passed the budget for 1954, designed to reduce money in circulation, increase exports and cut production costs, higher than world levels in many of Japan's industries. The House passed the budget for 899,588 million Yens by a majority vote. Despite the austerity emphasis, 9,000 million Yens are made in appropriations for Social Security, Agriculture and Forestry and Education. The budget provides for greater Defence expenditure this year. The Government plans to spend 139 thousand million Yens on Defence in 1954, a rise of 133 thousand million Yens over 1953, though it has cut drastically appropriations for Public Works, Capital Investment in Industries, and Import and Export subsidies.

* * * * * * *

Ceylon's External Trade in 1953: Ceylon's external assets rose in January 1954 by 22.8 million rupees to 630 million rupees according to a bulletin of the Central Bank of Ceylon, issued recently. The bulletin also stated that trade with the U.S. which accounted for ten per cent of Ceylon's foreign trade in 1952 dropped to 5.5 per cent in 1953, reflecting a considerable reduction in the value of exports and a much greater reduction in the value of imports. Exports to the dollar area decreased from 236 million rupees to 209 million rupees. The proportion of trade in 1953 with Commonwealth countries remained almost at 1952 level.

* * * * * * *

Deficit Budget for M.P.: The Madhya Pradesh Finance Minister, presenting the Budget for 1954-55 in the State Assembly, forecast a deficit of Rs. 1,85,00,000 The revenue for the year was estimated at Rs. 28,83,00,000 and the expenditure at Rs. 30,68,00,000. No new taxes were proposed. A reduction in entertainment duties to 25 per cent of the gross takings against the average of 33-1|3 per cent at present was announced. The Finance Minister estimated the closing balance for 1954-55 at Rs. 17,54,00,000 including cash balance and investment in Treasury Bills and long-term securities.

The current year's closing balance is expected to be Rs. 18,07,00,000. In the revised estimate for the current year, the originally estimated surplus of Rs. 53,71,000 would be reduced to Rs. 51,80,000.

* * * * * * *

Orissa Budget Shows Deficit of Rs. 73.39 Lakhs: The budget estimates of Orissa for the year 1954-55 presented in the Orissa Assembly by the Finance Minister, revealed a revenue deficit of Rs. 73.39 lakhs. The total revenue for 1954-55 is estimated at Rs. 14,12,42,000 against Rs. 12,46,61,000 in the revised budget for 1953-54 thus indicating an increase of Rs. 1,65,81,000. The expenditure charged to revenue is expected to amount to Rs. 14,85,81,000 against the revised estimates of Rs. 14,66,77,000 for 1953-54. A sum of Rs. 3,67,80,000 has been provided for new schemes. This includes:—for continuing schemes included in the Five-Year Plan Rs. 55,24,000; continued schemes not included in the Five-Year Plan; 2,08,65,000. The receipts other than revenue are estimated at Rs. 49,94,97,000 and expenditure not charged to revenue at Rs. 49,56,09,000, the net surplus being Rs. 38,88,000. These transactions will have the effect of reducing the total overall balance from Rs. 55,85,000 at the beginning of the year to Rs. 21,24,000 at the close of the year.

* * * * * * *

Rs. 5-Lakh Surplus Budget for Delhi: The Chief Minister of Delhi, who also holds the portfolio of finance, presented in the State Assembly a Rs. 5-lakh surplus budget for 1954-55. The budget estimated a revenue of Rs. 4,45,41,000 and an expenditure of Rs. 5,05,83,000 thus leaving a revenue deficit of Rs. 60,42,000. This deficit was, however, converted into a surplus of Rs. 5 lakhs as a result of an opening balance of Rs. 52,52,000 and a grant of Rs. 12,90,000 from the Union Government to cover the revenue deficit.

* * * * * * *

Over Rs. 13 Crores Deficit in West Bengal Budget: The Budget estimates of West Bengal Government for 1954-55, presented to the State Legislative Assembly by the Finance Minister, disclosed a revenue deficit of Rs. 13 crores 38 lakhs. Revenue receipts and expenditure for the year have been placed at Rs. 39 lakhs (against revised estimates of Rs. 38 crores 82 lakhs for the current year—1953-54) and Rs. 53 crores 31 lakhs (against revised estimates of Rs. 50 crores 57 lakhs in 1953-54) respectively. The transaction of the current year 1953-54 is estimated to result in a deficit of Rs. 11 crores 75 lakhs on revenue account. Government proposed to raise a loan of Rs. 4 crores next year to finance certain development schemes involving capital expenditure and to meet the expenses in connection with the revisional settlement operation for the abolition of Zamindary. There is no proposal in the Budget for fresh taxation.

* * * * * * *

East Bengal Budget, 1954-55: A total provision of over Rs. 34.43 crores for displaced persons from West and East Pakistan has been included in the 1954-55 Budget. The current provision raises the total expenditure on displaced persons incurred in the past and to be incurred in the new financial year to nearly Rs. 236 crores. The estimated expenditure on rehabilitation of displaced persons till the end of March 1954 is more than Rs. 201 crores, excluding the provision of Rs. 4 crores for payment of compensation and Rs. 2.4 crores allotted to the Rehabilitation of Finance Administration. The balance of expenditure on relief and rehabilitation will be in roughly equal proportions between displaced persons from West and East Pakistan. The total expenditure during the year on housing, which gets pride of place as in past year, will be just under Rs. 10 crores for West and East Pakistan displaced persons. Including this amount, the expenditure on housing provided so far will exceed Rs. 75 crores. Provision also exists in the Budget for advancing urban and rural loans, education of displaced children, vocational and technical traning, and rural rehabilitation.

TRANSPORT

Progress of T.W.A.: Trans World Airlines, now in its ninth year of international operations, expects to fly more than 600 million passenger miles on its overseas routes alone, in the year 1954, making 457 per cent increase over the corresponding figures during the year 1946. In 1954, the airline statisticians estimate that 13,000 passengers will fly on T.W.A.'s international routes. As many as 24,500 passengers were carried by T.W.A. in a single month during summer on its international routes—significantly showing the results of T.W.A.'s efforts in promoting tourism in Europe, Middle East and to India and Ceylon. Concentrated international operations are profitable to the airline and the countries that are linked by their network, leading to an exchange of culture. In 1954, T.W.A. plans as many as 88 trans-Atlantic flights weekly during the peak months to meet this increasing demand. With the introduction of tourist fares, the travellers will seek newer playgrounds in the Middle East and Asia, which are available to them for the same cost as the European haunts of a year ago.

AGRICULTURE

Work of Central Soil Conservation Board: The Union Minister for Agriculture reports in relation to the work of the Central Soil Conservation Board that (1) **Bombay**—This State has done 'bunding' terracing to control erosion and to conserve water on a large-scale covering about 12 lakh acres. Proposals for work on a further 7 lakh acres up to 1956-57 are under consideration. (2) **Vindhya Pradesh**—This State has treated about 2,000 acres in the ravines of the Sindh River in Datia district. (3) **The Punjab**—This State has reclaimed much 'Cho' (Torrent) gullied land in the Siwalak foot-hills, the details of the work done being: Closures 16,59,531 acres, 'Cho' training 210 miles, Afforestation—Area planted: 26,621 acres and Area sown: 33,755 acres, Contour trenching 18,440 acres, Terracing and Watbandi by manual labour and machinery 21,945 acres, Bhabar grass planting 3,897 acres and Area reclaimed 828 acres. (4) **Mysore**—500 acres have been bunded. (6) **P.E.P.S.U.**—The details of the work done are: Contour trenching 4,482 acres, Afforestation (including afforestation of private wastes in hill slopes) 11,370 acres and 93 miles of forest paths laid, Training of water courses (streams and ravines) 17.5 miles, Check-damming 1,133 acres, Treat of cultivated fields (levelling, terracing and embanking) 594 acres. (6) **Damodar Valley Corporation**—Research on soil conservation, demonstration centres and land-use planning is being done. Survey of 30 square miles in the Siwane subcatchment for erosion control measures has been finished. (7) **Madhya Pradesh**—Area contour ploughed 132 acres, Contour bunds 141,174 running feet, and Broad base terracing 40,370 running feet. (8) **West Bengal**—Afforestation completed over 19 square miles up to 1952-53 against a target of 53 square miles in the Plan period. In addition, afforestation of 30 miles of canal banks in the Mayurakshi reservoir project is in execution. (9) **Madras**—(a) Agricultural areas: Work has been done only on a limited scale covering 6,661 acres and costing Rs. 2.56 lakhs during the last two years. (b) Forest areas: Experiments were carried out on a 15-acre plot and the area was planted with blue gum and wattle with satisfactory results. Ten thousand acres of barren reserved forests were taken up for afforestation in 1953-54. In 1954-55, the work is being doubled. Information is awaited from the other States.

NEWS IN BRIEF

INDIAN

The total contribution by the Union Government up to April 1955 towards the oil exploration scheme in West Bengal, in agreement with Standard-Vacuum Oil Co., is expected to amount to Rs. 25 lakhs. The Company is expected to spend Rs. 75 lakhs.

* * * * * * *

The third instalment of assistance amounting to Rs. 2 lakhs was recently granted to 66 voluntary welfare organisations by the Central Social Welfare Board. The total assistance provided out of the current year's allotment of Rs. 25 lakhs, now totals Rs. 18.54 lakhs benefiting 546 institutions.

* * * * * * *

India will buy 9 lakh tons of rice from Burma. An agreement was expected to be signed between the two countries. It is understood that the rice will be purchased at the rate of £48 per ton, out of which £15 per ton will be adjusted against Burma's debt to India.

* * * * * * *

Baby cars assembled in India are expected to be available by the middle of this year. Two schemes relate to the "Morris Minor" by Messrs. Hindustan Motors Limited and "Standard Eight". A third scheme was submitted by Messrs. Premier Automobiles Ltd., for the manufacture of "Fiat 1100" which is somewhat of a bigger model.

* * * * * * *

Central assistance to the extent of about Rs. 1 crore, including a grant of nearly Rs. 11.8 lakhs, for schemes in Madhya Pradesh includes loans for the supply of improved paddy and rust-resistant wheat seeds, installation of pumping sets, etc. The financial aid sanctioned by the Government of India to the State in 1953-54 amounted to about Rs. 1.88 crores.

* * * * * * *

The Union Government has allocated over Rs. 53 lakhs, including grant of Rs. 3.62 lakhs for the G.M.F. programme in Pepsu during 1954-55. The schemes include sinking of tube and percolation wells, land reclamation, purchase of tractors and equipment, pumping sets and urban composting.

* * * * * * *

About Rs. 108.80 lakhs, comprising Rs. 78.56 lakhs as grants-in-aid and Rs. 30.24 lakhs as loans, was given by the Union Government to the State Governments for 224 National Extension Service Blocks on which work was taken up on October 2, 1953.

* * * * * * *

The foreign income assessed on accrual basis of people in India in 1952-53 aggregated Rs. 809 lakhs and the tax thereon for the assessment year was Rs. 359 lakhs. The corresponding figures for 1951-52 were Rs. 2,322 lakhs and Rs. 478 lakhs, respectively.

* * * * * * *

India's sterling balances amounted to Rs. 710.75 crores at the end of December, 1952, and Rs. 734.32 crores at the end of January 1954.

* * * * * * *

After discussion with Andhra Government representatives and the Planning Commission in February 1954, a loan of Rs. 3.75 crores was granted to the Andhra Government in the current year for financing the expenditure on their schemes on capital accounts such as irrigation, electricity and building schemes.

* * * * * * *

During the five years ending 1953-54, $243,954,170 was added to the dollar debt of India, while $9,686,024 had been repaid. No sinking fund has been established for the repayment of the various loans. The major part of the debt was $196,164,486 by way of the wheat loan.

FOREIGN

The Pakistan Government has announced reduction in coal prices. Coal will now be available in West Pakistan at Rs. 43 a ton as against the present price of Rs. 50-4. In East Pakistan the rate has been brought down to Rs. 39 from Rs. 42-10.

* * * * * * *

The U.S. Government has granted Iran an additional $6 million to help the country until revenues from an oil agreement are received. The U.S. Government granted Iran $45 million in September 1953, after the Mossadeq regime was overthrown.

* * * * * * *

Mr. I. G. Harrison, a former chairman of the New South Wales Wheat Committee and Manager of the N.S.W. Government grain elevators, left recently to make a six-month survey of the wheat industry in India. The survey is being sponsored by the United Nations Food and Agriculture Organisation.

* * * * * * *

During 1953 Britain imported from all sources 492,857,000 lbs. of tea, valued at £83,026,000. Well over three-fifths of these imports came from India, which sent 315,356,000 lbs. for which Britain paid £51,928,000. This compared with the 304,381,000 lbs., worth £48,743,000 in 1952, and 276,071,000 lbs. to the value of £44,401,000 in 1951.

* * * * * * *

A total of 6,882 tins of refined coconut oil weighing 115 long tons was sent to Egypt, as the Philippines' contribution to the United Nations International Children's Emergency Fund (U.N.I.C.E.F.). The oil will be processed in Egypt into margarine and distributed to U.N.I.C.E.F. missions in Europe and Asia.

* * * * * * *

The world will again have plenty of vegetable oils for food uses in 1954, according to the recent prediction of the Commonwealth Economic Committee. The Commonwealth accounted for 23 per cent of the world oil and oilseed production in 1952-53 compared with 22 per cent in 1951-52 and 23 per cent before the war.

* * * * * * *

The population of England and Wales rose by 150,000 to 44,90,000 between June 30, 1952, and the same date last year (1953), according to the Registrar General's estimates published recently. The increase represents a rise of 3.5 per cent.

* * * * * * *

The Australian Wheat Board has received 180.6 million bushels of wheat from the harvest just ended, which is the highest total since 1949-50 when deliveries to the Board were 201.9 million bushels.

* * * * * * *

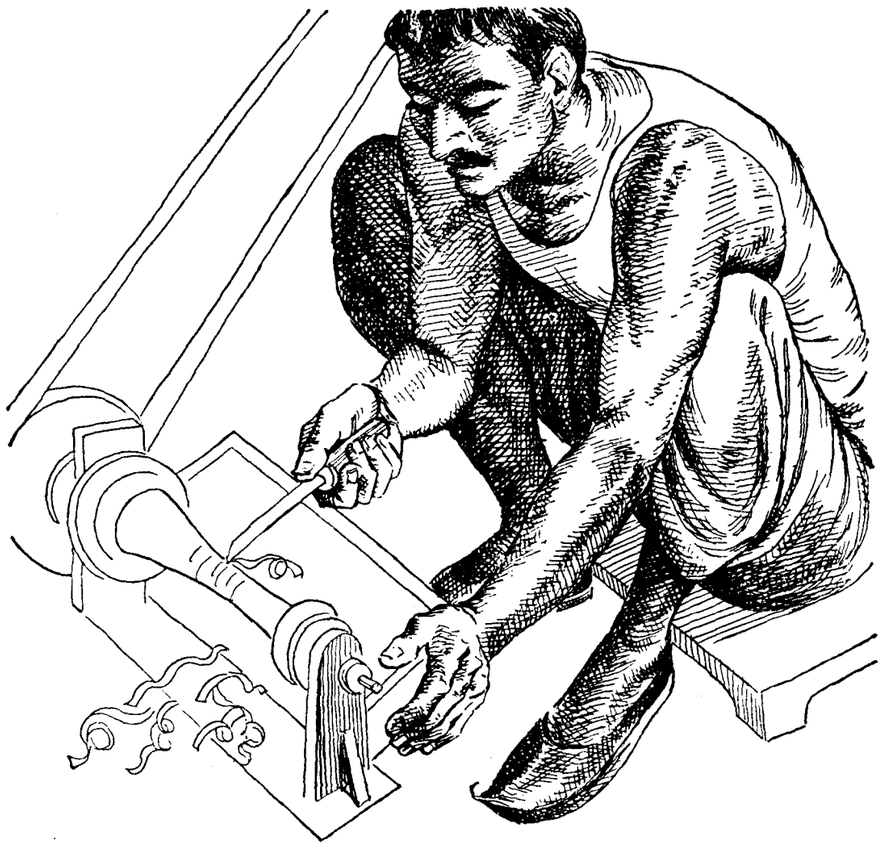
Proposals for aid to Asian children are to be reviewed at the 26-nation Board meeting of the U.N. Children's Fund. Allocations for Latin America, Europe, Africa and the Eastern Mediterranean are also to be recommended.

* * * * * * *

Trade increases between West Germany, Czechoslovakia and Bulgaria are provided for in trade agreement signed recently. The treaty with Czechoslovakia called for an exchange of goods valued at $37 million ($15 million more than in the previous year). The agreement with Bulgaria provides for an exchange of goods valued at $26 million ($3 million more than the previous year).

* * * * * * *

A loan of $54 million to the Commonwealth of Australia was announced last week by the International Bank for Reconstruction and Development. The loan is to be used for agriculture, which accounts for 80 per cent of Australian exports; towards transportation, and the development of electric power and manufacturing industries.



yes, it is my plan!

Lights will be switched on in a thousand villages. Handlooms, lathes will hum and spin. Every small community will become the hub of a growing village industry. There will be work for everyone. The Five Year Plan provides for Rs. 127 crores to be spent on developing and adding to our power resources. Multi-purpose hydro-electric schemes will supply cheap power to industry. Here is proof of a nation's determination to take its place amongst the leaders of the world.

Lakhs of tons of Steel will be used to implement the many diverse projects of the Plan. And so, in numerous significant ways Steel will provide the foundations for a richer, more rewarding future for our nation and our people.

THE TATA IRON AND STEEL COMPANY LIMITED

TN 3933

A Window On The World

THE QUEEN AND THE COMMONWEALTH

By

ODYSSEUS

"IN THE WEST" is the title of Mr. Neville Shute's latest novel which I have recently read with pleasure and profit. It was not until I began to recommend it among my friends that I discovered that the book was regarded as "anti-British" and in "bad taste". I was astonished. Neither of these points had suggested themselves to me when I read the book.

Mr. Shute looks into the future of the Commonwealth thirty years ahead and envisages the Welfare State in Britain extended to the Nth degree; everything is socialised and controlled, with the result that the best brains and all the more adventurous people with initiative have emigrated to those parts of the Commonwealth, such as Australia, which are envisaged as having restored initiative to the individual and to have reformed the state along enterprising lines.

One of Mr. Shute's ideas for reform strikes me as admirable, and I do not see why it should be treated as frivolous because it has been put forward in a work of fiction. In common with every intelligent contemporary observer, Mr. Shute has seen the weakness of the "one man—one vote" system of levelling political thought down to the average of the masses, instead of up to the average of the educated, and he suggests that the weight of voting could be levelled up by giving more than one vote to certain people: a citizen might be able to earn as many as seven votes.

The first vote would be that of the universal franchise in operation now—everybody to have one vote at the age of twentyone. The second would be given to those with higher educational qualifications or with a Commission in one of the Services. I open a parenthesis here to observe that the justification for granting such a vote would depend on the standard of intellectual training achieved by the national universities. As matters stand in India today—don't take my word for it, but read the Report of the University Education Commission, presided over by Dr. Radhakrishnan in 1948-49—all that an honours degree means here is that a man has crammed enough text books to justify the examiners in not failing him, but it tells you nothing of his capacity to think. Mr. Shute's third vote goes to those who have seen something of the world by living outside their native country for two years or more. The fourth—one that will cause some tolerant smiles in India—is for raising two children to the age of fourteen without a divorce. The vote goes to both parents.

VOTES FOR RICHES AND PIETY

The fifth vote would go to anyone earning over Rs. 65,000 a year, and the more that I think about the implications of this proposal, the more I like it. Note that it is the opposite of the contemporary belief in India (as in Britain) that only parasites get rich. Mr. Shute's theory is a re-assertion of the now unfashionable truth that it takes intelligence and hard work to acquire riches.

Mr. Shute's sixth vote goes to anyone engaged in active church work. At first sight this seems irrelevant in India where piety is widespread, but church work is not the same as negative piety; it is active participation in religious social work. This exists in India (e.g. in the Servants of India Society), but the extent and practice is limited to a mere handful compared with the needs of our teeming population. Mr. Shute's seventh vote, rarely given, is an honour bestowed by the Sovereign (in our case the President) for outstanding services to the state.

It is easy to pick holes in these particular suggestions for qualifications for a multiple vote, but such disagreement does not invalidate the principle which is worth study, and worth popularising by the leaders of our thought.

In Mr. Shute's Britain of 1983, nobody outside the ranks of civil servants can buy a car or obtain any petrol. The country, financially, is ruined. A quarter of the population has emigrated to the flourishing Dominions. No new houses have been built for years and the people lead a life of crushing war-time austerity. The "Economist" of London has on occasion pointed out that, given certain circumstances, such a future could await Britain, yet no one has suggested that Geoffrey Crowther, its brilliant and physically and morally rotund editor, is anti-British.

In Mr. Shute's Britain, a Socialist government is in power, headed by a Welsh Prime Minister, who still thinks in terms of class hatred, and who, therefore, makes the Queen's life miserable by pin-pricks and indignities. He is jealous of the affection that the people of Britain and of the Dominions still lavish on the Crown and he wants to damage its prestige wherever possible. Here is an example of the Prime Minister's attitude: "It seems to me a bloody waste of money. If the Queen wants to go to Australia, she can book a seat on the airline like everybody else, or go by sea."

AN INSULT TO THE QUEEN?

Is such a passage unpatriotic? Disloyal? Insulting to the head of the Commonwealth? The answer might be Yes if Mr. Shute's object were to hold the Queen up to hatred, ridicule, and contempt, and to enlist the reader's sympathies on the side of the Prime Minister. But Canada and Australia are shown indignantly rallying round the Queen. The blood of the book's Australian hero boils at the British Prime Minister's attitude, and the reader's sympathies are enlisted on the side of the Crown by every device at the command of Mr. Shute's very considerable art. Far from insidiously sowing the seeds of a revolution, Mr. Shute is (if I may use a crude expression to convey his gallant and loyal idea) giving the Crown a boost and Her Majesty a handsome leg up. If that is disloyal, then either she hasn't a leg left to stand on, or the word needs to be re-defined.

A point that is usually overlooked in Britain is that Elizabeth II is not only the Queen of England but of Canada, New Zealand, etc., and head of the Commonwealth to which India and Pakistan belong. The British Government has no proprietary rights over the monarchy which belongs every bit as much to the other members of the Commonwealth. Is it not wrong that the Queen should reside permanently in Britain, thus creating the impression that she is an exclusively English Queen? Are her periodical, hurried, and exhausting tours of the Commonwealth's member countries really useful? Should she not rather live in each member country in succession for a period of, say, a year? Would this not help to cement the bonds of Commonwealth? Would it not bring home in concrete fashion the interest that each member country has in the Crown? Seeing the Queen daily at work among them with cables and files pouring in from all

parts of the Commonwealth, would not the host member for the time being realise better its links with the others?

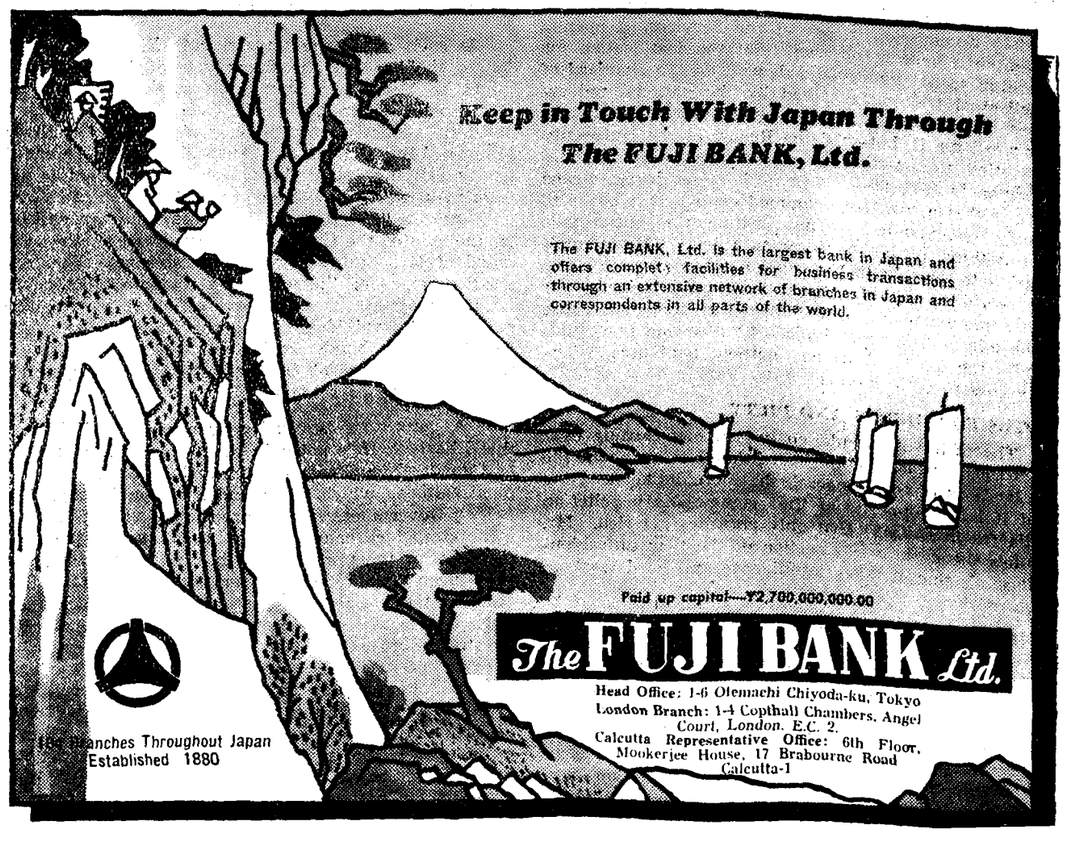
Whatever your answers to these questions, I imagine that you regard their submission in this column a legitimate topic for debate. But I am here only putting forward in editorial form some of the questions that Mr. Shute elaborates in his story. Mr. Shute's hero, David Anderson, whom he interestingly depicts as a man of mixed European and Australian aboriginal parentage in order to stress the Commonwealth's racial mixture, is an airman. The Australian High Commissioner in London tells David that the British Government wishes to make the Queen's movements dependent on the R.A.F. "The Australian Federal Government," he said quietly, "and the Canadian Government also—we think it very wrong that the freedom of movement of the monarchy in the Commonwealth should be in any way restricted by the British Government through the Royal Air Force, however generously that control may be exercised. To prevent that situation from arising, our Government, and that of Canada, have each offered to present an aeroplane to the Queen's Flight." An offer which the Queen accepts with the request that the crews be Canadians and Australians.

The story goes on to relate how Prince Charles (become the Prince of Wales) creates a constitutional crisis by threatening to abdicate if he is called upon to succeed to a Crown subject to the British Premier's indignities, and how a solution is found by a full recognition that the Crown belongs to the Commonwealth and not to any one member, so that the Queen takes up her residence in Australia where she is given a royal welcome, and appoints a Governor-General for Britain. This so shocks British public opinion that the Socialist Premier is thrown out and a more traditionally minded government wins the General Election.

As I am here concerned with the political and controversial aspects of Mr. Shute's novel, and not with its literary merits, I will merely say that it is an exciting and well-told tale, by an author who is reasonably described as "a prince of story tellers". I defy you to put the book down once you have begun it. It kept me awake throughout the whole of a night's train journey.

Wondering over the reception accorded to the book by so many British reviewers, I am led to conclude that their indignation arose partly because the Queen's permanent residence in Britain makes them regard Elizabeth II as essentially a British prerogative (so to speak!) and that other members of the Commonwealth have but a reversionary interest in her, and partly because they consider that a novelist's function is to entertain without provoking thought. Mr. Shute cannot scape some of the blame for this misconception of the novelist's function, for he has written an apologetic note to his book in which he refers to his "impertinence" and suggests that no one takes a novelist seriously. As a writer of fiction myself (under a non-Odysseyian incarnation), I protest vigorously against this narrow view of the novelist's art. Why does an idea cease to be worthy of consideration because it wears fancy dress rather than work-a-day clothes?

The U.K. edition of "In the West" has, I am told, sold 100,000 copies. This is heartening. It suggests that the British reading public is keen to listen to the discussion of new ideas and is not so easily alarmed and scandalised as the reviewers would have us believe.



BOOK REVIEWS

COMMODITY PRICE STABILISATION

Commodity Trade and Economic Development: United Nations: Department of Economic Affairs: N.Y., 1953: Price $0.75.

The post-Korean boom in world commodity prices and the subsequent steep decline have posed serious problems for the underdeveloped primary producers of the world. In particular, it is a problem of the sterling area which includes a large number of such countries and it was with a certain amount of dismay that they heard the Randall Commission's verdict against international commodity agreements. Though it is true that such agreements often tended to operate in a restrictive manner, they have been too few to be of assistance to the primary producers. A comprehensive attempt has now been made by an Expert Committee appointed by the U.N. Secretary-General pursuant to a General Assembly Resolution of December 1952. The Resolution had recommended multilateral or bilateral international agreements relating to individual commodities or groups of them to ensure stability of prices in order to maintain an equitable relationship between prices of primary commodities and capital goods and manufactured products. In other words, its object was to explore the scope for fair terms of trade between the economically backward primary producers and the advanced countries, for on that would depend the improvement of the standards of living and the formation of domestic savings in the countries engaged in development schemes.

The Expert Committee has not attempted to deal with individual commodities. After a review of the proposals that have been made from time to time the Committee has examined the types of agreement that are possible and has expressed the view that if the problem of finance could be solved, buffer stocks for individual commodities or for groups of them would be preferable to multilateral contracts. There are, however, no grounds for confidence for the success of either proposal and hence suggestions have been made to mitigate the effects of instability of prices to primary producers. One of them is "contra-cyclical" lending, involving the maintenance of disbursements by industrial countries, when they are themselves afflicted by a business recession. There is an interesting examination of a "commodity reserve currency scheme" and though there has been no agreement, it is recommended for closer study. Other national measures and types of compensation schemes are mentioned for consideration. Emphasising the existing gap in international organisation—which is attributed mainly to the still-born Havana Charter—the Committee suggests that the Economic and Social Council should set up a Trade Stabilisation Commission with advisory functions. The report is of value for drawing attention to a problem which is of immediate interest to half the world.

REFORMING THE TAX SYSTEM

Objectives of Taxation Policy: Published by the Employers' Association, 15, Park Street, Calcutta.

This booklet provides in convenient form a summary of the views of the Employers' Association regarding the existing taxation system. The highlights of the proposals are that the basic income-tax and the corporation tax can be combined, that the total levy on corporations should be reduced to 64 pies and that undistributed profits should be differentially taxed at four annas in the rupee. Additional depreciation allowances up to 100 per cent of the original cost in respect of machinery installed before 1947, reconsideration of the requirement that private limited companies should distribute prescribed minimum percentages out of their profits, and the liberalisation of allowances have also been suggested.

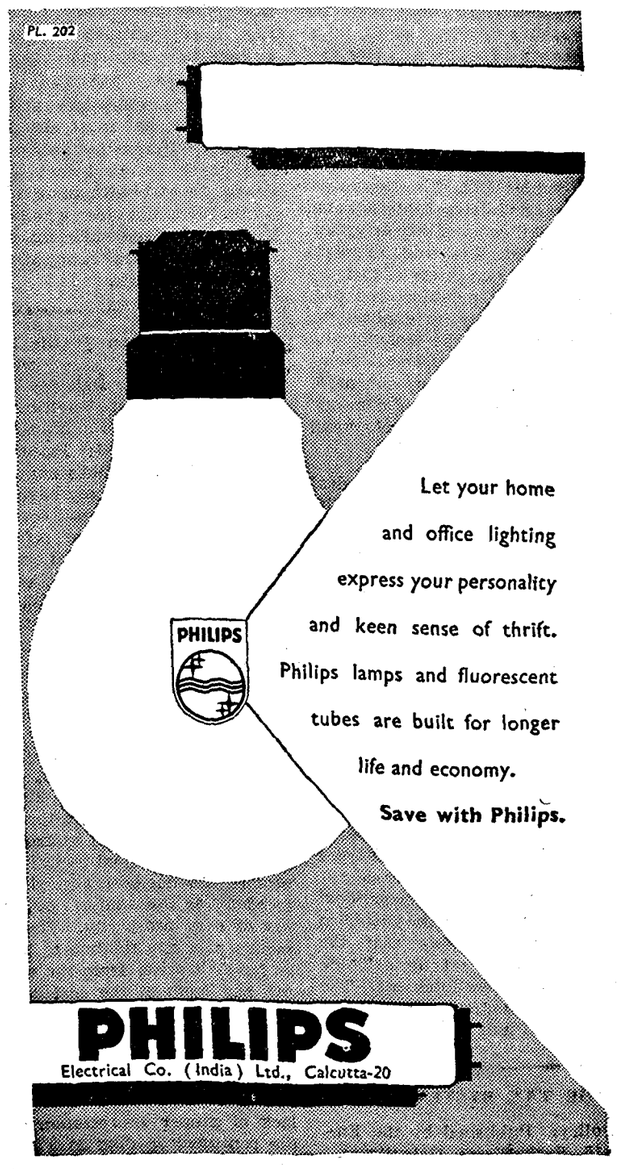
There is a logical and consistent case which can be argued in favour of these reliefs. Whether that case, which involves a shift to indirect taxation, and the reimposition of the salt tax, will be accepted in full is another matter. The Association's suggestions are that the cost of the reliefs, which it estimates at Rs. 60 crores, should be met from the salt tax to the extent of Rs. 15 crores, brisker collections (Rs. 5 crores), transfer of some items to capital (Rs. 20 crores), reduction in administrative expenditure (Rs. 5 crores) and savings in exceptional charges and general improvement (Rs. 15 crores).

Two considerations arise. The tax system must not only be but must also be seen to be equitable as between different sections of the community. It must also be so designed that it is not necessary for the Centre to part with more revenues to the states than it can. It is not clear whether these two considerations have been given sufficient weight, but there is much in the Employers' Association's case which can stand on its own merits.

The Indian Cotton Textile Industry (1952-53 Annual) and
The Indian Sugar Industry (1952-53 Annual): Editor: M. P. Gandhi: Publishers: Messrs. M. P. Gandhi and Company, Jan Mansion, Sir Pherozeshah Mehta Road, Bombay-1: Price Rs. 6 each.

Mr. M. P. Gandhi's annuals on the two key industries in India's economy have now become indispensable to the student of current economic affairs. Their lasting virtue consists in the refreshing analysis of major events during the year of review, which far transcends the rigid framework of a routine survey. This tradition has been admirably maintained in the latest two annuals. The Cotton Textile Annual rightly starts with the premise that the year 1952-53 marks a landmark in the history of the industry; it marks a return to normality and freedom after a decade of a restrictive regime of controls. The narration of factual events goes on to demonstrate that the industry's successful battle for greater production, carried to the point of almost achieving the final targets of the Five-Year Plan for the production of cloth and yarn, was the basic factor which won the restoration of full freedom from price and distribution controls by July 1953. The case for the next and final logical step—lifting of controls on production—has been argued reasonably. The return to freedom, as the analysis points out, does not mark an era of easy prosperity. The repercussions of Government's policy in relation to the industry particularly in so far as it arises from the outlook on taxation and aid to handloom at the cost of the industry have not escaped a brief review.

It was a different background against which the sugar industry had to operate in 1952-53. The inherent capacity of the industry to satisfy the requirements of domestic consumption in full cannot be in doubt. But lack of proper appreciation of the changing habits of the consumer leading to a higher demand was at the root of the Government's shifting policy in respect of the industry. The major trends in the prices of gur and khandsari did not receive the vigilance they required and the rediversion of demand to sugar from the two products owing to the steep rise in their prices almost to parity with sugar prices in important markets was not detected in advance. In the result, as the thread of the analysis in the Sugar Annual shows, policy for sugar deteriorated into a policy of expediency driven to a resort to import. An integrated policy for sugar, gur and khandsari is stressed in the review. As usual, copious statistical tables enhance the objective value of the Annual.



A DELHI DIARY

THE COCKTAIL PARTY

I KNOW T.S. Eliot has a play called "The Cocktail Party", but that was merely a title with no rebuke to the cocktails that enlivened the conversation. Otherwise, the cocktail party seems to have attracted no notice. On Saturday, however, cocktail parties moved into first place in the proceedings of the Federation of Indian Chambers of Commerce and Industry. The Prime Minister ended both his Hindi and his English speeches with a fierce denunciation of cocktail parties in New Delhi. The English rendering was probably the more vehement. It ran (and read!) "cocktail parties here are disgusting". And thus ended one of the most important speeches given to Indian business men, most of whom have never attended a New Delhi cocktail party (or any other!) in their lives, and many of whom must now be wondering why the sins of other folk are being flung upon their shoulders. Have they none of their own?

Some explanation of this extraordinary peroration had to be sought. And I am proud to be able to say that my researches in this direction have been duly rewarded. It would appear that a certain Deputy Minister, acting as an official host to a certain Rajpramukh a day or two before this momentous meeting, erred somewhat on the side of (alcoholic?) ostentation. He was unwise enough to number among his distinguished guests a source of information close to the Prime Minister. The story was duly reported, possibly with some embellishment. The Prime Minister was rightly upset that public example from a Deputy Minister was no better. It was not, however, possible to bring home the offence to a wide public by a personal rebuke to the Deputy Minister concerned. And, therefore, since the next public occasion was the Federation meeting, an accident decreed that business men received the rebuke intended for a member of the Congress Party in office. In this mixed economy, it would appear the private sector sometimes must receive the blows aimed primarily at the public sector. And cocktail parties (which can in moderation be quite interesting and useful occasions!) have also received the frown of official displeasure. Indian business men are innocent and will probably forget all about the rebuke in a day or two. But neither the Diplomatic Corps nor many other entertainers, official and otherwise, can be unaffected. Is New Delhi likely to become even duller than it already is?

I sincerely hope not. And yet almost everyone including members of the Diplomatic Corps (who suffer most!) will agree that cocktail parties in New Delhi are excessive in size and frequency. While, therefore, there should be no surrender of the fundamental right to give a cocktail party in any non-prohibition area, I hope advantage will be taken of the Prime Minister's remarks to effect a minor reform in the administration of this highly stimulating form of (intellectual?) entertainment. Let us have fewer and smaller cocktail parties; but let us demand (while working hard for the country!) that the government shall not administer our private, as well as our public, lives!

NO FIREWORKS!

The Federation meeting was voted a large success. Credit must be given to Mr. R. G. Saraiya, the President of the Federation, for striking just the right chords for an opening address. He pointed out that the common interest of the public and private sectors is that their common goal is the raising of the standard of life of the people. He was firm, however, on the rights of the private sector to pursue, in a mixed economy, the end in its own unfettered way. I thought that this bold assertion of the need for independence would draw the Prime Minister's fire. Curiously it did not; or, if it did, the fire was dispersed over such a wide range of targets that almost none of it hit the opening address. I can remember a previous occasion when a sentence in the speech of the President's address attracted such heavy fire from the Prime Minister that it created the feeling that the Federation inaugural meeting was a good place for fireworks. For the last two years, (alas!) there have been none!

The closing of the gap between the public and private sectors seems to be proceeding far more happily than looked possible three years ago. And not a little of the credit goes to business men who have found the capacity to meet the public sector in argument and, by words as well as by deeds, show that they can judge the national interest as keenly and serve it as well. In this meeting this was best shown by a fine speech by Mr. G. D. Birla when moving the main resolution on "Unemployment and Economic Development". He pointed out first that, on the ends of endeavour, there was no difference; both sectors wanted development and the diminution of unemployment. The question was how this was to be done. Not, as some people seemed to imagine, by a 'loss' motive to replace a 'profit' motive. He pointed out that the Government of India was as concerned about the losses on the Indian Airlines Corporation as any private management. They wanted commercial operation for commercial undertakings like the Railways, Airlines, Sindri and so on. Where was the difference? And why was it necessary, so far as avoiding losses was concerned, for the pot to call the kettle black?

The real difference was not in respect of profit and loss, but in respect of the scope of operations and the number of agencies that could be put into the field. The advocates of private enterprise held that in a country as vast as India the job could not be done by six men, or sixty men and (Mr. Birla might have added!) by six hundred or six thousand men. It needed literally millions of people. And the public sector could not get millions of people into its fold and direct them like sheep; (unless, I suppose, we went Communist!). Mr. Birla argued, therefore, that the only means to obtain the development required was to create a climate in which millions of people could find a new urge to work hard for themselves and thereby add to the country's development in the process.

THE BUDGET LEAK!

I have just time at the tail-end of my piece to talk about Parliament. This is not to do Parliament injustice; quite often the tail wags the head, or (as with the scorpion!) the sting is in the tail! It has been an exciting week in Parliament. On the Railway Budget in the House of the People there were two excellent speeches, one by Mr. Frank Anthony and the other by Mr. Tulsidas Kilachand. While Mr. Frank Anthony made a powerful point on the productivity of Railway labour, Mr. Tulsidas Kilachand stressed the misleading character of comparisons (on operating ratio) with other countries where the Railways filled a much smaller place in the general transport picture. All this was good for serious students of Railway statistics. I must confess that I found much greater fun when there was talk of a Budget Leak. It seems that on Budget day, Part 'B' of the Finance Minister's speech was put out in a few cases in place of Part 'A'. Now, Part 'B' covers the Budget proposals. Somebody might have made some quick money; unhappily the mistake was detected at once and the behaviour of the Press (according to Dr. B. V. Kaskar!) was excellent; no premature publication or leakage occurred. And thus the great story about this leak was that there was no leak; or rather it was plugged in time!

ARGUS.

SPECIAL ARTICLES

THE VOTING IN THE TRAVANCORE-COCHIN ELECTIONS

A VERY active democratic spirit has been at work in Travancore-Cochin. The results of the general elections held last month have confirmed, what was already revealed in the general elections of 1952, that a high population density—there are 1,000 persons per square mile in Travancore-Cochin—and a very high percentage of literacy stimulates political consciousness to a marked degree.. Even so, the degree of interest shown in these elections would not be fully explained by these two features. Other democracies, where these features are present to an equal degree, have shown that in a second local election held soon after country-wide general elections, it is unusual for an electorate to manifest great excitement unless far-reaching and momentous issues have arisen in the interval. It is hardly possible to say that the issue of finding a stable administration for the State posed anything so dramatically new or excitable. Yet the polling on this occasion has been heavier than before. From the high figure of 81 per cent of the electorate in 1952, the percentage of polling has now increased to 88.4. Two successive verdicts given by such an overwhelming majority of the electorate leave little to doubt about the state of mind of the voters of the State. They may indicate a rather highly volatile temperament of the people but they emphasise the existence of strong political loyalties either to political parties or personalities which are unlikely to undergo substantial change in a short period.

The electorate and the number of persons to be elected to the Assembly were slightly larger than what they were two years ago. Many of the constituencies were redrawn, or otherwise rearranged by the Delimitation Commission as single and double-member constituencies so that a direct comparison of the result in each constituency is not a sure guide to the changes that have occurred in the voting. The total electorate was larger only by about 200,000 but half a million more votes have been polled on the present occasion. The total number of candidates fell from 441 on the last occasion to 260 and this was entirely due to the fact that the Socialists who fared worst in the last election reduced their nominees by nearly half and the Communists and Independents by over two-thirds. This reduction is partly explained by the general realisation that individuals seeking election on their own merits had little chance in a fray in which the leading political parties were fighting in full armour. The other major feature responsible for the reduction was the understanding reached among the anti-Congress political parties to avoid splitting the opposition vote by dividing among themselves the constituencies in which to oppose the Congress.

All these factors had changed the nature of the electoral combat on the present occasion. It is remarkable, however, that the outcome has not differed substantially from the earlier one. The Congress party increased its total vote from 1.2 million to 1.76 million. This increase is as much as the additional half a million votes polled on this occasion. In percentage terms, there has been an increase for the Congress party from 35 per cent of the votes polled in 1952 to 45 per cent. With all these favourable factors, only one seat has been secured in addition, which is less than proportionate to the increase of 8 seats in the strength of the State legislature. The explanation thus lies largely in the electoral understanding reached by the opposition parties.

The Travancore Tamil Nad Congress has maintained its hold on those sections of the State for which its appeal for linguistic solidarity was strongest. In this area at least, the improvement in its strength from 8 to 12 shows that no extremist attitudes prevailed. The additional votes secured by the Praja-Socialist party of over 150,000 seem to have come mainly from the votes formerly secured by a large number of Independent candidates not affiliated to the United Front of Leftists; the more extremist section of this vote has apparently favoured the Revolutionary Socialist party which has now doubled its total votes.

The structure of voting reveals the existence of a solid core of about a million Communist votes; these were formerly secured in 1952 by the United Front of Leftists (other than the R.S.P. and non-Communist Independents) and now polled by the Communist party and the U.F.L. Independents. The voting, therefore, indicates that there has been no substantial accession to the voting strength of the Communists on the present occasion in absolute numbers, much less as a percentage of the total. This is quite an important factor to be borne in mind in assessing the results. The additional votes available through the larger polling and the fewer unaffiliated candidates have all gone to the two pro-democratic groups—the Congress and the P.S.P. The T.T.N.C. has only kept its limited stronghold, as it was expected to.

The main difference between the Congress and the opposition parties which emerges is that the parties which put up fewer candidates in the field secured a larger proportion of successes. As the biggest party which set up candidates for all constituencies except two, the Congress has emerged as the largest single group. But it has won only 40 per cent of the seats contested, as compared with the 50 per cent success for the P.S.P., 67 per cent for the Communists and 75 per cent each for the R.S.P. and the T.T.N.C. That is a result which was almost inevitable so long as the Congress was compelled to fight three different groups irrevocably opposed to it and each sufficiently strong in the particular area in which it chose to concentrate its fighting strength. Such a diversified and localised opposition could be fought only if there had been sufficient rivalry within the opposing groups. That has been avoided by electoral strategy. The taste of this victory in Travancore-Cochin may make it likely that electoral alliances would be more common in future elections to create instability for Congress rule.

It may show the need for Congress not creating more enemies for itself than are inevitable. In the present case, the rupture with the T.T.N.C. over a secondary issue—which has been responsible for ushering in the present awkward situation—has to be healed through a fair compromise. On the issue on which the T.T.N.C. challenged the main body of the Congress, it has secured a verdict in its favour. Its demand for a separate Pradesh Congress Committee which precipitated the crisis, was not unprecedented; the separate Pradesh Congress Committee for Malabar district alone in Madras State was sufficient basis for such a demand. The confidence felt by the John Ministry that it would be able to override the T.T.N.C. by added gains elsewhere has been proved to have been misplaced and the verdict by a preponderant majority of the electorate must for the present be regarded as conclusive and incapable of being reopened in the near future. The beneficiaries of the split are the Socialists who have gathered strength in numbers but are placed in a dilemma about the next step. While the opposition groups take satisfaction in the size of the non-Congress victories, it is some matter for satisfaction that the non-Communist vote and non-Communist victories have increased.

VOTING ANALYSIS IN TRAVANCORE-COCHIN ELECTIONS

	1952 Total No. of electors: 4,202,574. No. of seats: 109				1954 Total No. of electors: 4,410,958. No. of seats: 117			
	Set up	Elected	Votes polled	Percentage of votes polled	Set up	Elected	Votes polled	Percentage of votes polled
Congress	104	44	1,188,227	35	115	45	1,762,939	45
Socialist-P.S.P.	70	11	485,174	14.5	38	19	631,622	16
T.T.N.C.	15	8	201,118	6.0	16	12	237,408	6
R.S.P.	11	6	118,333	3.5	12	9	212,354	5.5
Other parties and Independents*	241	40	1,405,321	41.0	44	9†	403,182	10.5
Communists	..	..	..	..	35	23	641,046	17.0
TOTAL	441	109	3,398,173	100.0	260	117	3,889,014	100.0

* Includes Communists who stood as Independents in 1952 belonging to the United Front of Leftists and the Kerala Socialist Party.
† Includes 5 Independents belonging to the pro-Communist U.F.L. and 3 of the Kerala Socialist Party.

DEBATE ON THE INDUSTRIAL FINANCE CORPORATION

THE debate in the House of the People on the Industrial Finance Corporation, which is to be resumed at a later date, illustrates the extreme difficulty of Parliament sitting in judgment over a Corporation which is expected to exercise a considerable measure of discretion. This debate raises a question of principle, as did many of the earlier ones. How far will a nagging and paralysing control, 'ex post facto' of the decisions taken in respect of individual companies, be consistent with progress? Progress means, or should mean, with reference to the Industrial Finance Corporation at the present time, the utilisation of the funds which the Corporation now has invested in government securities, the putting to productive use, for the purposes of industry, of the proceeds of the contemplated bond issue of Rs. 2 crores, and the speeding up of the new dormant loan negotiations with the World Bank. There is every reason to fear that this progress of the Corporation is being hindered rather than helped.

The Corporation has not, of course, satisfied every expectation which has been entertained in regard to it. Basically, it has been and is still trying to find a precarious balance between the need to lend on the one hand (about Rs. 20 crores in a five-year period seemed once upon a time to be a reasonable target) and the need on the other hand to be conservative (latterly, as experience in the year ended June 30, 1953, has shown, the Corporation has also had some real reason to be concerned that applications for new investment rather than for modernisation or expansion are falling off). On any view of the problems, the recent past has certainly been a difficult period in which the Corporation has had to prove and to justify itself.

The rate of lending at present is, for example, high, especially when legal and other charges of the borrower are taken into account. If the volume of lending can be quickly expanded, the revenue of the Corporation being thereby raised, then the rate which it is necessary to charge can, perhaps, be brought down. The Corporation's finances, in any case, will be strengthened in such an event. Necessarily, therefore, an institution of this kind, which is at its present stage of development, has had to be concerned about extending its remunerative assets as rapidly as possible. This has not been too easy so far; and it is likely to prove to be a problem of some complexity. To sidetrack the Corporation from this preoccupation, even to impair its standing by means of hostile criticism, can therefore at this stage be productive only of the greatest harm.

The Corporation has laboured under serious handicaps, even as it is. The self-denying ordinance to the effect that those who have cases pending before the Income Tax Investigation Commission cannot be granted loans by the Corporation has removed many potential applicants from its list of customers. This has been responsible in part for the impression which has been produced that the Corporation has been excessively concerned with particular business groups. But it is obvious that to base any judgment only on these superficial impressions, during a period when loan applications could not have been many or representative, will be grossly unfair.

The test of the Corporation's bona fides in these circumstances is or should be two-fold, namely, first, has the Corporation unreasonably rejected any application for a loan, and secondly, has it or has it not become increasingly alive to the need for despatch in the disposal of these applications? The much-maligned Resolution of the Government of India has acquitted the Corporation on the first charge after a full review of the individual cases. As to the second, the fact that the number of rejections has gone down steeply since the end of June 1950 shows that the Corporation has been anxious to speed up its examination and procedure—a matter on which legitimate complaints could once have been made.

The more important among detailed sins of omission or of commission with which the Corporation has been charged by the enquiry committee are, once we accept the need for discretion, so minor as to be trivial. Typical charges are revaluation of assets by the companies borrowing from the Corporation, lending by the Corporation against assets which are to be created from out of the proceeds of the loan, the variation, in practice, of the margins which were prescribed, the repayment of earlier debts out of the loans secured from the Corporation, and the expenditure of the loan proceeds on non-productive expenditure. It is doubtful if a doctrinaire approach will be desirable in any of these matters.

The loans of the Corporation are well secured in law as well as in practice; a first mortgage and the joint and several liability of the directors furnishes a security which is valuable in itself. For the rest, the credit-worthiness of the borrower depends in the last resort on the earning power of the business; and although differences of opinion are possible, these questions must, as in normal banking practice, be left to

the managing directorate, and no abstract principles for or against can be laid down.

On two of these points, for example, the Corporation's explanations are quite relevant. They are that the margin happens to work out differently for different borrowers, partly because it has to be relaxed in certain cases (it has been relaxed after discussion in the executive committee) and partly because the actual amount of the loan, which is drawn or which can be disbursed under the Act, may well prove, in retrospect, to be very much lower than the value of the asset which is mortgaged. These explanations must be accepted as completely satisfactory. There can be no escape really from the conclusion that the Corporation's loan can be made, in the final analysis, only on the impressionistic judgments of those who are called upon to deal with the loan applications. Once this is granted, it will be extremely uncharitable to read motives into the various decisions, which could have been taken only ad hoc, so as to suit in each case the circumstances of each borrower.

Indeed, it is questionable wisdom even at the present time to seek to restrain the Corporation within the scope of any but the most generally-worded directives. The extract, which follows, from Viscount Bruce's recent review of the activities of the Finance Corporation for Industry in the United Kingdom, illustrates the fact that the approach to this problem elsewhere has been totally different:

"For such new ventures or expansions, a period of time is required for construction and the installation of the necessary plant and machinery, and after this is done a period of operation must elapse, before it is possible to determine the success or otherwise of the venture and the possibility of replacing our finance by a private or a public issue.

"During this period of construction and installation, and before operational results have demonstrated the value of the project, it is impossible for your directors to assess with confidence the value of the securities that we hold."

The British institution does not regard this as a mere formal statement. The extent to which it has utilised its profits to write down its investments shows that properly regarded and viewed in the wider perspective of what the country needs, a special institution like the Industrial Finance Corporation cannot afford to be bound by too many rules or to play safe and be more than usually conservative.

The dangers which an institution of this kind is likely to face in the initial years are two-fold. In the first place, the freedom which is necessary for the institution may be misused; in that case the Corporation will be unable to realise its paper investments at good value. Or, the Corporation may fail to live up to its pioneering role, and may deteriorate into a mere agency for lending to government, by taking up government securities. The history of India's first venture in industrial banking should serve constantly to remind us of the first danger. But it is just as well to recognise, in the changed context of modern times, that the second danger, which appears already to have overtaken the South African National Finance Corporation, is the one against which we have to be on our guard.

India's Industrial Finance Corporation, like the Finance Corporation for Industry in the United Kingdom, has tried to pursue the golden mean. Its sins of omission or commission, if any, have been inadvertent. To seek to build these up into a charge-sheet against the institution is, therefore, both unnecessary and unwise; unnecessary because the evidence does not support this attempt, and unwise because the Corporation's prestige must be maintained. Its directorate must be encouraged to face and tackle complicated issues on their own, at as far as possible a decentralised level, if the institution is at all to play any useful role in promoting industrial development.

A NEW INDUSTRY FOR INDIA

THE FIRST STAPLE FIBRE TO BE MADE IN INDIA PRODUCED AT BIRLAGRAM NAGDA BY GRASIM

(STAPLE FIBRE DIVISION)

A FINE PROSPECT : PRODUCTION CAPACITY OVER ELEVEN MILLION POUNDS OF STAPLE FIBRE PER ANNUM PRODUCING FIBRE WHICH WILL SAVE VALUABLE IMPORTS OF FOREIGN COTTON

A UNITED EFFORT : REPRESENTING THE CLOSEST COLLABORATION OF BRITISH MACHINERY MAKERS AND TECHNICIANS WITH INDIAN ENTERPRISE AND CIVIL ENGINEERING WORK

A GREAT ACHIEVEMENT : THE WHOLE INSTALLATION COMPLETED IN FOURTEEN MONTHS FROM COMMENCEMENT OF ERECTION TO START-UP

PLANT & MACHINERY DESIGNED, MANUFACTURED AND INSTALLED BY DOBSON AND BARLOW

BOMBAY-26

THE BUSINESS WORLD

VANASPATHI FACES THE FUTURE

The annual report of the Vanaspathi Manufacturers' Association, covering the year 1953, shows that the industry is in a stage of transition, adapting itself to the changing problems from day to day. Production in 1953 has been well maintained at 191,182 tons and progress has been reported in the following directions.

(i) In implementation of the recommendation of the Ghee Adulteration Committee, the industry is now adding vitamin A to vanaspathi. The technical problems have been solved in consultation with Messrs. Hoffman-La Roche of Switzerland, and very soon the industry may be in a position to ensure the stability of vitamin A.

(ii) The Association has continued the practice of buying samples of vanaspathi in the bazaar in order to establish responsibility for adulteration.

(iii) The labelling requirements have been revised, so that it is now only necessary to indicate that vanaspathi is made from vegetable oils, the particular oil not necessarily being indicated.

(iv) The ban on the transport of vanaspathi in mineral oil tankers has been reconsidered, so that the transport position has not been too difficult.

The uncertainties which face the industry are by no means unimportant even at the present time. The ban on vanaspathi in Rajasthan continues, for example. Private members' prejudice also still exists. The target of the Five-Year Plan at 300,000 tons of actual production, rated capacity being 388,828 tons, are also so far ahead of production in 1953 (although that production indicated a slight increase) that the industry has reason to be worried whether the market for its products, which incidentally is mainly in Northern India, will justify the expansion which is projected in the Plan.

There is all the more reason for this worry, because the individual members of the Association, as the President has pointed out, have more reason to be concerned with the course of oil prices than with marketing, the penalties of failure to exercise intelligent discretion in the matter of purchasing oil being much greater than the gains of extending the market can apparently be. The oils used before the recent attempts to change the raw materials base were as follows (figures are for 1950).

	(In tons)
Groundnut	193,222
Sesame	9,672
Coconut	3,284
Cottonseed	1,803
TOTAL	207,981

The course of groundnut oil prices throughout 1953 has been erratic in the extreme and the peak which was reached in July 1953, was the result of speculation in a market which is highly susceptible to its influence. Since then, prices have declined because of the ban on exports and the firm attitude of the Commerce Minister and also because the final estimate of the 1953-54 crop has turned out to be much better than was expected. But a hand-to-mouth policy or existence, as the President has pointed out, is hardly conducive to economy or to the efficient utilisation of resources. The problem of raw material must obviously be solved in more permanent fashion.

The accepted policy at the present time is to encourage the use of palm oil, copra, and cottonseed oil, in substitution of groundnut oil to an increasing extent. This is done on two grounds, namely,

(i) an imported source of supply is likely to prove to be more stable than groundnut prices have proved to be in the recent past, and

(ii) by exporting groundnut oil and importing palm oil instead, the country can save some foreign exchange.

Palm oil does not present any serious difficulties, but the use of cottonseed oil, which is another possible substitute, may. The use of a mixture of bleaching earth and of activated carbons will be necessary in order to free it from its objectionable colour. Delinting and dehulling machines may also have to be installed, before the cottonseed, of which the supply which is available in the country is expected to be about 12 lakhs of tons, can be fed into the expellers. These problems should not, in the course of the next few years, prove to be too difficult to solve. The President of the Vanaspathi Manufacturers' Association has now called for some attention to this problem. In addition to the fact that about one lakh tons of good edible oil can be produced from the cottonseed which is now available, the feeding of cottonseed oil cake to cattle after the fibre has been removed and the oil content has been reduced is to be preferred to the feeding of cottonseed in the present form. The matter is so important that the Planning Commission suggested a differential and lower level of excise duty on vanaspathi produced from cottonseed oil, in order to encourage the use of cottonseed, in spite of the additional expenditure, if any, which may be involved in changing over to this base.

The crux of the problem reduces to this. Groundnut is a good hardy crop, which on the result of actual experience can be steadily extended in India. There is a good case for such extension, but if the vanaspathi industry can use cheaper mediums, instead of being dependent on a commodity of which the prices are very highly erratic, there is no reason why this should not be done. The conversion to raw materials the prices of which are more stable may cheapen the prices of vanaspathi and in any case will leave the industry some time to concentrate on the two really important questions which should engage its attention, namely, quality and marketing. There is much in the latest Annual Report of the Vanaspathi Manufacturers' Association, which may be studied with benefit from this point of view.

THE STAPLE FIBRE INDUSTRY

By

CROESUS

February 1954 will go down in the economic history of India as a memorable month. For the month witnessed the production, for the first time in India, of that man-made fibre with innumerable possibilities, namely staple fibre. To the Grasim Factory at Nagda goes the distinction of having been the pioneer of staple manufacture in this country. (Incidentally, another factory manufacturing man-made fibre, namely

Rayon, made history in February by declaring a maiden dividend of Rs. 9 per ordinary share. I mean the National Rayon Corporation).

Until I saw samples of staple fibre and the cloth manufactured out of it, which were on display to the Press people, thanks to the special arrangements made by the Gwalior Rayon and Silk Manufacturing and Weaving Co., Ltd., I had an altogether different notion of staple fibre. But after seeing the products displayed, I can well imagine that, even in a large cotton-growing country like ours, the scope for the manufacture of this man-made fibre is not inconsiderable. According to one estimate, it would be necessary to produce 135,000 tons of staple fibre per annum to replace about 8 lakh bales of imported cotton; that means 20 factories producing at the rate of 20 tons per day. As against this, the 15-tons-per-day that the Grasim produces or its annual production of 5,400 tons is a negligible quantity. But that is about all the quantity of staple fibre that the country is importing today. In other words, even with the production of this one unit, the country can well become self-sufficient in the matter of its requirements of staple fibre presently being imported.

At the Press conference when the staple fibre produced by Grasim was displayed, Mr. D. P. Mandelia of the Gwalior Rayon and Silk Manufacturing and Weaving Co., Ltd., and Mr. Thomas Blackburn, Director, Dobson and Barlow (Rayon Plants) Ltd.—the suppliers of the plant to the factory—gave some facts about the Grasim factory which will be of interest. The construction of this factory was begun in October, 1951, and completed in February, 1954, that is over a period of just 27 months. But the actual erection work was completed in only 14 months, which is believed to be a record for this kind of work. The total outlay on the factory was given as Rs. 3¼ crores and the factory, when it goes into full production, is expected to employ nearly 600 people. But a notable feature, it was stated, is the scope for, and the opportunities before, highly educated people, especially chemical engineers. The Grasim started working only during the second week of February and the first samples of the product have just become available. But the interest with which these samples have been greeted and the eagerness with which the fibre market has absorbed the limited quantities offered (at about Rs. 2-1 per pound) are sure indications of the future of the new enterprise.

Being anxious to find out how the price of staple fibre compares with the corresponding varieties of cotton, namely Egyptian and American, I happened to ascertain from the spokesman of the factory and Mr. Blackburn that the price of staple fibre compares very favourably with the price of cotton of equivalent quality. Even if the prices are the same per pound for both cotton and staple fibre, I understand, if allowance is made for about 30 to 35 per cent waste contained in cotton, as against no waste in respect of staple fibre, the relative cheapness of staple fibre becomes obvious.

Now for a few general facts about staple fibre. The world production of staple fibre, according to Mr. Blackburn, is about 650,000 tons per annum. As compared to this, the production of the new factory that has been started in India will be less than one per cent! It is estimated that India needs to import about 8 lakh bales of foreign cotton per year which, at the present-day prices, may be valued at some Rs. 60 crores. If staple fibre should take the place of these imports, so much of foreign exchange could easily be saved. Furthermore, if staple fibre is popularised, so much of the land which would otherwise have to be devoted for growing cotton might be diverted for growing food, because the raw materials from which staple fibre could be produced are either imported or generally grown in places which are not ordinarily devoted to growing either cotton or food grains.

World production of man-made fibres today is estimated to be over 20 per cent of all other fibres, whereas world production of staple fibre alone amounts to about 20 per cent of that of cotton fibres. About 2 million spindles in Lancashire are permanently engaged in spinning staple fibre, whilst the U.S., which is the largest cotton-growing country, is also the largest producer of staple fibre. The consumption of staple fibre in England is about 10 yards per capita. In order to give a consumption of even one yard per capita, it has been computed India should produce 34,000 tons of staple fibre, or over 6 times the annual production of Grasim. And, in order to make use of this fibre, it is estimated at least 400,000 spindles must be permanently set apart.

In conclusion, it is perhaps necessary to mention that Grasim has plans to manufacture all other raw materials except wood pulp and sulphur which have to be imported and caustic soda which is produced within the country itself in abundant quantities, in the factory itself. As there are possibilities of making use of cotton linters, bagasse and even gutter waste for producing chemical pulp from which staple fibre is produced, it is not unlikely, mentioned Mr. Mandelia, that Messrs. Birla Brothers, who are the sponsors of the new staple fibre factory, may also sponsor the setting up of a factory for the manufacture of wood pulp in the not distant future.

The formal opening of the Nagda factory is likely to take place very soon, say, by the end of the next month or early April, when the factory will have reached its full production capacity.

ART SILK AND THE NEW LEVY

By

CROESUS

In commenting on the reactions of the Central Budget in the Special Budget Number of "The Eastern Economist", I had made only a passing reference to the effect of the Finance Minister's proposal to levy an excise duty of Re. 0-1-6 per yard in addition to a levy of 3 ps. per yard, under the Khadi and other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953, on artificial silk fabrics. Since then the Silk and Art Silk Mills' Association, Bombay, has prepared a detailed memorandum on the effects of the proposed excise duty. Further, at a Press conference on Monday, Mr. D. M. Shroff, President of the Association, referred to the recent visit of a delegation to New Delhi to present the case of the industry to the Union Minister of Commerce and Industry and to the Union Finance Minister. I understand that the delegation, which has returned to Bombay, will again go to Delhi after the Government has had time to verify the elaborate data compiled by the silk and art silk mill interests.

In the meanwhile, the S.A.S.M.A. President has done well to make an appeal to all rayon mills not to close down, pending a decision by the Government. This was absolutely necessary in view of the fear created in the minds of the art silk mill workers, which has prompted the silk section of the Mill Mazdoor Sabha, Bombay, already to organise the 18,000 silk workers in the city (who would be thrown out of employment if all the silk mills in Bombay were to decide on a lock-out) in order, to use the very words of the appeal of the Sabha to its workers, "to gird up their loins to fight out this forced unemployment". By the way, it is interesting to note that the workers' organisation also feels that the duty imposed by the Government is unjustifiable. Thus, it observes: "Naturally, the proposed excise duty will be very heavy on the cloth which is being sold at As. 7-0 and As. 8-0 per yard. This duty has been imposed by the Government of India in order to collect additional revenue for development schemes. If, however, this duty is going to add to the unemployment, it is totally unjustifiable. No act of the Government should lead to an increased unemployment; instead, it should facilitate new industries to be started giving more and more employment. The Government has let loose upon the workers the demon of unemployment by the imposition of the excise duty".

In the opinion of the Indian Merchants Chamber, Bombay, this proposal "will result in developments and difficulties which perhaps have not received due consideration at the hands of Government". The Chamber has opined that "the art silk fabric manufacturing industry and the trade connected therewith is passing through a period of comparative difficulty as a result of setback in demand by reason, firstly, of a constriction in the export markets, and, secondly, of a setback in the purchasing power of the class of persons normally providing market for the items in question". According to the I.M.C., the cheaper varieties of art silk fabrics, where there is a volume of offtake, are priced between As. 8 and Re. 1 per yard, and it is here that the incidence of a cumulative charge (by way of excise duty and cess) of 21 ps. per yard will prove to be a burden and depress the demand for such fabrics.

But to revert to the memorandum, to the Finance Minister, of the S.A.S.M. Association. The memorandum, I think, makes a very pertinent point in answer to the justification for the imposition of the new duty put forward by the Finance Minister. Shri Chintaman Deshmukh said in his budget speech: "There is no reason why, when the bulk of cotton cloth is subject to taxation, artificial silk fabrics should be exempt". In reply, the Association contends that it is inappropriate to compare the art silk industry with the cotton textile industry. The following interesting comparative statement, showing the capital invested, the cloth produced, the number of workers employed, the wage bills, etc., of these two sectors of the textile industry fully substantiates the contention of the Association:

COMPARATIVE STATEMENT SHOWING THE POSITION OF THE SILK AND ART SILK INDUSTRY WITH COTTON TEXTILE INDUSTRY

	Cotton Textile Industry	Silk and Art Silk Textile Industry	Percentage of the Art Silk Industry with Cotton Industry
1 Total No. of Mills ..	453 | 200 Bombay State (65 Bombay City, 74 Ahmedabad, 61 Others) | 99 Madras State | 163 Other States	About 400—296 Bombay State (178 Proper Bombay, 71 Surat, 47 Others) —104 Others	
2 No. of Looms and Spindles	Spindles 1,14,27,034 Looms 2,03,786 (60% in Bombay State)	Spindles Nil Looms 26,000	12·22%
3 Consumption of raw material	30,00,000 bales Indian Cotton 10,00,000 bales Foreign Cotton Cost 121 Crores rupees of Indian Cotton. 45 Crores rupees of Foreign Cotton	25,000 Cases Indian 1,25,000 Cases Foreign Cost 1·5 to 2 Crores Indian About 7 Crores Foreign	5·42%
4 Production Average Yearly	Yarn 134 Crore lbs. Cloth 413 Crore Yds.	Yarn Nil Cloth 18 Crore Yards	4·35%
5 Exports of cloth during 1948-52 Average Yearly ..	Yds. 67 Crores Rs. 58 Crores	Year Yds. Rs. 1947-48 19,74,518 37,58,773 1948-49 2,44,79,997 5,19,11,637 1949-50 1,22,29,607 1,48,68,518 1950-51 69,90,304 96,72,809 1951-52 84,14,266 1,16,98,353 1952-53 34,97,287 49,46,318	1·43% yds. 2·77% Rs.
6 No. of workers employed in the industry ..	7,43,000	65,000	8·75%
7 Yearly Wage Bill inclusive of D.A. ..	Rs. 81 Crores	Rs. 6,25,00,000	7·71%
Other benefits ..	18 Crores	1,20,00,000 (approximately)	6·33%
8 Total paid up capital ..	Rs. 77,95,00,000	Rs. 12,00,00,000	9%

It will be seen from the table that the percentage of the number of looms that the art silk industry has vis-a-vis the cotton textile industry is only 12.22 its consumption of raw materials works out to 5.42 per cent of that of the cotton mill industry; its average yearly production is but 4.35 per cent of that of the cotton textile industry; the total exports of art silk fabrics as compared to those of cotton fabrics were 1.43 per cent in 1947-48 and 2.77 per cent in 1950-51; the silk and art silk industry employs only 8.75 per cent of the total number of workers employed in the cotton mill industry. The yearly wage bill, inclusive of dearness allowance, of the silk and art silk mills constitutes 7.7 per cent of that of the cotton mill industry, and, finally, the total paid-up capital is no more than 9 per cent of that of the cotton mill industry.

As regards the financial position, the Association points out that, in the year 1951, out of the 41 mills created in the Bombay city (local area) only 10 mills made a profit of Rs. 15.74 lakhs, while the remaining 31 mills made a total loss of Rs. 20.78 lakhs. In other words, the overall position of these 41 mills was a total loss of Rs. 5.04 lakhs. From the beginning of 1951, the financial position of the industry has been worsening, reaching almost the climax in 1952-53. According to the latest available audited balance-sheets of 43 member-mills of the Association, only 14 per cent of the mills made profits, while the remaining 86 per cent not only showed losses, but very heavy losses at that. Since the total number of looms installed by these 43 mills amounts to 4323, or roughly 40 per cent of the loomage in the mills situated in Bombay city (local area), the picture may be taken as being more or less representative of the industry as a whole.

The art silk industry is still an infant industry, being only 17 years old. The following table shows the progress of the industry over the past few years:

LIST OF MEMBER MILLS AND THE TOTAL LOOMS REGISTERED WITH THE SILK AND ART SILK MILLS ASSOCIATION LTD., BOMBAY

Looms Yearwise

Year		Mills	Looms
1937	..	16	2,000
1942	..	26	3,341
1947	..	44	4,610
1948	..	117	8,678
1949	..	175	11,510
1950	..	237	17,816
1951	..	312	21,375
1952	..	320	20,911
1953	..	311	20,855

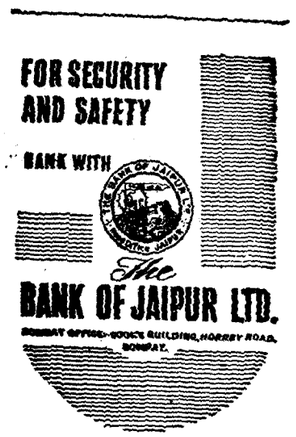
A glance at the foregoing table reveals that, although the industry started about 17 years ago (as compared to the 100-year old cotton textile industry), most of the art silk mills are hardly 8 years old. Another interesting feature which the table brings out is that both the membership of the Association and the number of looms have been declining steadily since 1952.

Yet another notable point that the Association has made in its memorandum is that, as the industry is constituted today, it is more like a cottage industry. Thus, out of 26,000 looms, as much as 85 per cent comprises of small units, which is more or less on the lines of the cottage industry system prevailing in Japan. In some cases, it may even be described as a "domestic industry", for all those who work are members of the family. We are told, for instance, that there is one factory having only 34 looms with 19 partners and another with but 30 looms and 10 partners.

Even as it is, the industry has to bear a heavy import duty of 36¼ per cent theoretically and almost 50 per cent in practice, inasmuch as the customs authorities charge duty on market value, which, in this case, is particularly subject to wild fluctuations, due to speculation, an aspect to which even the Tariff Commission has made a reference (the Tariff Commission even recommended that a ban be placed on speculation in the art silk yarn market with a view to stabilising prices). It has, therefore, been complained that, if, in addition to this, the industry is called upon to pay the new excise duty, a factory of 25 looms costing only Rs. 40,000, will have to pay, by way of excise duty alone, as much as Rs. 41,000 per year. In other words, the duty would exceed a greater bulk of the total capital outlay of the whole factory. Surely this cannot be considered as equitable by any means.

Apart from everything else, at a time when the Finance Minister and the Commerce and Industry Minister are both saying that everything should be done to stimulate exports and to ensure a favourable balance of payments position to counter the inflationary forces that may be generated by the large deficit financing under the Five-Year Plan, it is surprising that so little thought has apparently been given to the possible effects of the new impost on exports of art silk fabrics. In a buyers' market, such a heavy burden will not only mean lower competitive capacity in the world markets, but even the internal consumer will refuse to pay the increased prices. As it is, the industry has not been able to pass on to the consumer even the incidence of the 3 ps. sales-tax and so it is not difficult to imagine the impossibility of transferring the incidence of the new excise duty amounting to seven times as much.

Finally, the industry has been passing through a very critical period over the past few years and no one conversant with the present plight of the industry would have the heart to suggest, let alone impose, such an unfair impost. In the circumstances, it is to be hoped that the powers-that-be would review the position sympathetically and revise the duty at least in respect of the cheaper priced varieties, if they cannot do away with the duty altogether. Since the Finance Minister wants to enforce the new principle in the sphere of taxation, he may not perhaps like to take back the entire proposal. But even this vital consideration need not prevent him from giving adequate relief to the industry, especially to the smaller producers and producers of the cheaper varieties of fabrics.





BUSINESS NOTES

DEBATE ON RAILWAY BUDGET

The general debate on the railway budget in both the Houses, and particularly in the House of the People, raised two points of long-term importance. They referred to the rationalisation of the freight structure and the adoption of a bold plan of expansion of line capacity to meet not only the requirements of a developing economy for additional transport but to provide a margin in anticipation of extra demand so that development may not be hampered. Mr. Shastri's reply on both these points showed that his Ministry has not yet thought it urgent to apply an objective mind to them.

A drastic overhaul of the rating structure that would upset the stability of railway revenues has never been demanded in any quarter. But repeated complaints about anomalies in important rates and concrete suggestions by spokesmen of railway users from time to time have indicated where revision of rates is feasible. The flaw in the rate structure is apparent from the fact that goods earnings have not shown fair elasticity in response to the rising volume of agricultural and industrial production. Another function of the rate structure should be to stimulate traffic to give an additional impetus to a developing economy. Mr. Shastri's reference in his budget speech to a revision of rates was ambiguously worded and his explanation has also not served to clarify his precise intention. His explanation that he had a certain measure of readjustment in view was not helpful and at any rate a precise and broad indication of that adjustment was surely to be expected in the budget speech. On the other hand, his proposal to levy about 50 per cent higher rates on newly built sections on an inflated mileage basis runs the risk of penalising traffic in backward areas.

The railway projects in the First Five-Year Plan are essentially in the nature of rehabilitation. The Railway Minister has now come out with the announcement that about 1,500 miles of new lines would be laid in the Second Five-Year Plan. Mr. Shastri was right in insisting that certain dismantled lines which are either wholly unremunerative or now replaced by well-developed road services need not be revived. But if experience in railway construction is to serve any useful purpose, it is that preliminary surveys must be completed without waste of time if regular construction is to be taken in hand. The process of preparing blueprints ought not to be allowed to consume the greater part of the period of the next plan.

By a curious logic the Railway Minister sought to make out a case that the operating ratio of the Indian railways was much better than in leading European countries picked up for comparison. Apparently, the fact that the transport systems in those countries were very badly damaged by actual warfare was irrelevant in his view.

INDIAN TEA IN 1954

Another year of high level exports is confidently predicted for tea in 1954. For the first three quarters of the current calendar year at least, this is to be accompanied by a high level of prices. On February 22, last, Indian common tea touched the record price of 4sh. 4¾d. per lb. in the London auctions. The basis of this optimistic forecast for tea exports to the U.K. is the time-lag between the emergence of a rising demand and adjustment of supply. Whether prices in Mincing Lane follow a still upward course, it is too early to anticipate and already some concern is expressed by consumers in U.K. at their trend in the past few months. But it seems fairly certain that until the impact of the arrival of the new crop in Calcutta is felt in September, the current level of prices is unlikely to go down. Since the derationing of tea and sugar in the U.K., consumption has steadily gone up and in 1953 it is presumed to have reached the pre-war per capita figure of 9.3 lbs. The ruling level of higher prices for coffee and the traditional preference for tea are sustaining the demand in spite of a spurt in prices.

Tea has ranked among the first earners of foreign exchange and shipments to the U.K. are naturally the highest. From gross exports of 304.4 million lbs. in 1952, they went up to 315.4 million lbs. In terms of export earnings, there was a rise in the same period from £48.74 million to £51.93 million. The world demand for tea (excluding China, Formosa and Japan) in 1954 is estimated to be somewhere between 1,000 million lbs. and 1,020 million lbs. With the present permissible limit of 135 per cent above the standard exports under the international tea agreement, it seems almost certain that it may go up to 1,020 million lbs. On this basis India can look forward to a total export of 470 million lbs. which means that output should be stepped up by 38 million lbs. above 1953 to satisfy the combined overseas and domestic requirements of the order of 645 million lbs. This cheerful outlook cannot conceal the fact that there can no longer be any justification of crop regulation in North India and Sir Percival Griffiths, Adviser of the Indian Tea Association, London, has lent the weight of his view to this vital fact.

SMALL-SCALE SALT MANUFACTURE

The Production Ministry's recently announced policy in respect of permissible limits of the operation of salt manufacture on a small scale can be appreciated only against the background of the existing state of affairs and its repercussion on salt manufacture under the system of licensing which is the mainstay of the industry. Small-scale manufacture on land by individuals or groups of individuals was exempted from the restrictions of licensing to the extent of 10 acres in each case. The special concessions which were offered to small-scale production were exempt from the levy of the cess and quality control. The basis of this policy accepted since April 1948 was no doubt to be traced to political causes, but an important consideration at that time was to stimulate production for home consumption and overcome the deficiency in salt output which was serious at that time. Since production has reached the stage of a clear exportable surplus, this consideration no longer prevails. Nevertheless, in the ordinary course, concessional production would have been continued on existing conditions. But its abuse on an extensive scale left no other remedy but to put severe restrictions. In practice, collusion between small producers and traders, as the Government Press note amplifies, made it possible to run salt works on land as large as 100 acres in contiguous area without violating the theoretical limit of 10 acres. Between 1949 and 1952 production enjoying special concession rose from 3 lakh maunds to 40 lakh maunds. Exemption from cess and quality regulation gave this category of salt production considerable competitive advantage over other salt. In several instances its permissibility for sale was clearly questionable from the viewpoint of human consumption.

The new policy, which is to be effective from March 1, 1955, to allow enough time to clear existing stocks, limits the size of an individual salt work to be operated as concessional small-scale unit to 2½ acres, and although no licence will be required in respect of it, quality standards may be enforced at the discretion of the Government. No transport facilities for move-

ment of salt output of this description by railway will be provided to ensure that its production is limited to the genuine purpose of local consumption. To the extent that other transport is available, this purpose may still be defeated, but its likelihood is very small. The real problem will be how to cope with the administrative aspect of the enforcement of quality control. Past experience about supervision gives some idea of the magnitude of the difficulties inherent in such enforcement. Concessional operation will have to justify the special treatment continued in favour of it.

TRADE WITH U.K.

Since India has been able to reduce drastically her imports of food and raw materials, the U.K. has emerged as her principal partner in overseas trade. During the calendar year 1953 India's imports from the U.K. were valued at £114.49 million and exports at £113.44 million. The trade deficit of £1.05 million which the U.K. Trade and Navigation Accounts have disclosed was small and is indicative of the lower volume of this country's external trade in the last year.

Among the imports which this country took from the U.K. last year, machinery valued at £33.77 million was easily the largest group of items and represented one-third of the total. India was U.K.'s biggest customer of textile machinery and her share was valued at £6.99 million. Other main components in this group were: boilers and boiler-house plants (£1.65 million), generating sets and generators (£1.51 million), motors and parts (£0.78 million), other electrical machinery (£5.08 million), mechanical handling equipment (£1.44 million) and machine tools (£1.93 million). Vehicles accounted for £15.31 million of India's imports including locomotives, agricultural tractors, commercial vehicles, chassis, cycles and parts of all these. Imports of electrical goods and apparatus were worth £10.51 million. The group of chemicals, drugs, dyes and colours accounted for £9.94 million worth of imports.

About 60 per cent of U.K.'s imports of tea in 1953 valued at £51.93 million came from India—an excess of £3.19 million above 1952. Leather and its manufactures occupied the second place in the order of importance in India's exports and were valued at £14.01 million—an excess of £4.73 million over the previous year. This was equivalent to three-fourths of U.K.'s aggregate imports of these goods. Exports of jute piecegoods were of the value of £5.51 million and of jute sacks and bags £1.98 million. Tobacco has proved to be another strong point in exports to U.K. and last year unmanufactured tobacco valued at £4.51 million was shipped, amounting to half of the imports of U.K. Exports of unstripped tobacco were valued at £1.28 million. Among the other exports raw wool valued at £3.94 million, raw cotton and cotton waste worth £2.99 million (of which cotton waste accounted for £2.26 million) and manganese ore valued at £2.69 million bear mention.

WOOD SCREW INDUSTRY

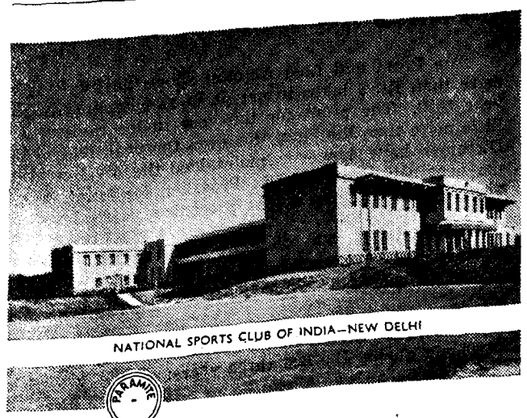
Since the Tariff Commission tendered its report on the continuance of protection to the wood screw industry in August 1953, vital trends have come to the fore in the operation of the industry which necessitate reconsideration of the ways in which protection can be made effective. The glut of wood screws in the market and the level of prices at which indigenous screws are currently selling underline the claim for reconsideration. As against the average fair ex-works price of Rs. 1-2-6 per gross inch which was accepted by the Tariff Commission, it is stated that the present range of actual selling price varies between As. 12 and As. 14. This gives a rough measure of the financial losses incurred by the manufacturers who are operating mostly on a small scale. This gross disparity arises, first, from the Tariff Commission's assumption that double-shift working is the only basis on which economic operation is possible, whereas in practice only one shift is run. The second cause of sales of indigenous products below production costs arises from the import policy and certain developments in import since the Commission's report.

Japanese imports which at the time of the Commission's enquiry were in fact insignificant are no longer so and they have risen from 0.7 per cent of the total in 1951-52 to 27.2 per cent in the nine months ended July 1953. Japanese prices are equal to the prices of the Indian products and experience has demonstrated that the quantum of protection offered would have been adequate only in the absence of Japanese imports. Since the conclusion of the enquiry the emergence of the demand for lathe pointed screws and their use as substitutes for gimlet pointed screws has created a new situation; imports of the former at 100 per cent of the best year's imports have now proved a real risk. Apart from this effective competition from what was considered to be a harmless import, the permissible limit of 5 per cent import quota has added substantially to the accumulations in the last two years. It is in the light of these inroads of imports that Mr. K. L. Sakhuja has appealed to the Government in his presidential address at the last annual session of the Screw Manufacturers' Association to revise the import policy so as to make protection really operative in fostering the domestic industry.

FOOD AND TRADE IN ASIA

The changing pattern of food production and external trade in the countries of Asia was the subject of brief analysis by the executive secretary of E.C.A.F.E. If there was nothing novel in the analysis of recent trends and the suggestions for a long-term policy that he made, the emphasis which he placed on keeping a correct perspective of the inter-regional trade was surely appropriate.

Food shortages were quite naturally the principal preoccupation of most of the E.C.A.F.E. countries. But even in the rice-exporting countries of Thailand and Burma the stress was on production of more rice as the surest way to recover foreign trade. The success achieved by them in expanding their rice production, however, does not promise to ensure stable exports of this commodity inasmuch as the importing countries, including India, have gone much ahead with their programme of greater food production. The change in the rice export situation which Burma is called upon to face this year is an indication of the transition from the post-war short-term problem of food shortage. Nevertheless, the slogan of food self-sufficiency need not be pushed to an extreme to the point of ignoring the long-term equilibrium of external trade. The rice deal between India and Burma is indicative of the desire on the part of this country to help sustain trade relations between the two with reciprocal benefit. India has succeeded in some measure in giving an industrial bias to her economy and in keeping with this change industrial goods are assuming importance in her exports to the countries of this region. Large food production will always remain the goal of policy in India to feed a growing population as well as to raise per capita consumption, but if the purchasing power of the masses is to be increased to create an effective demand for more goods, more of industrialisation is the only dependable remedy. In respect of trade with the countries of the region, India's aspiration to shift the emphasis in her exports on manufactures implies readiness to respond to the requirements of their staple exports.



Wired With CABLES PARAMITE Cables

MADE IN THE TROPICS FOR THE TROPICS

ARCHITECTS GREGSON BATLEY & KING BOMBAY

ELECTRICAL CONTRACTORS TRILOK CHAND & CO. NEW DELHI

ICC THE INDIAN CABLE CO., LTD.

9, HARE STREET, CALCUTTA. WORKS: TATANAGAR

Agents: GILLANDERS ARBUTHNOT & CO., LTD. BOMBAY • NEW DELHI • MADRAS 4P

FDS

An exhibition of Swiss industry 17 groups distributed in 21 halls



Information, booklets, and catalogues obtainable directly from the Fair or from Swiss Legations, Consulates and Chambers of Commerce abroad

Swiss Industries Fair Basel 8th-18th May 1954

The watchmaking section has been considerably increased

A watchmaking display with a world-wide reputation

Busy men all over the world have come to rely for guidance on weekly journals; they find the kaleidoscopic changes in national and international affairs too rapid and too deep for daily newspapers. Those of discriminating taste choose periodicals which deal with the countries and subjects in which they are interested.

THOUGHT

has earned distinction among Indian journals for its foresight and sober judgment in the nation's political, social and cultural affairs. It has built up a pool of original writers and critics who comment on events with a rare insight and balanced judgment.

THOUGHT's opinion on national and international affairs always claims the ear of responsible persons and organs of public opinion.

Subscription rates:

	ANNUAL	SIX-MONTHLY
Inland	Rs. 12-0-0	Rs. 6-8-0
Foreign: For ordinary sea mail edition	$1.10	17/-
	$5.00	$3.00
For Air Edition:		
EUROPE	£3.17	£2.00
AMERICA	$12.00	$6.50
ASIA	£3.10	£1.17

THOUGHT
35, Faiz Bazar,
DELHI-7
India

COMPANY AFFAIRS

THE BANK OF MYSORE LTD.

The Report of the Directors of the Bank of Mysore Limited for the year ended 31st December, 1953, discloses a sizable increase both in fixed deposits and savings bank deposits. Fixed deposits which stood at Rs. 221.94 lakhs in 1951 increased to Rs. 259.13 lakhs in 1952 and Rs. 339.81 lakhs in the year under reference. Similarly savings bank deposits increased from Rs. 159.22 lakhs in 1951 to Rs. 180.87 lakhs in 1953. On the other hand, current and contingency accounts show a sharp decline from Rs. 610.89 lakhs in 1951 to Rs. 368.22 lakhs in 1953. The overall picture discloses a slight rise of about Rs. 11 lakhs in total deposits from Rs. 877.93 lakhs in 1952 to Rs. 888.92 lakhs in 1953.

The Profit and Loss Account shows an increase of more than Rs. 3 lakhs in net profit as compared to the year 1952. The profit for the year under review is a little more than the figure for even the year 1951. The Directors have, however, maintained the dividend rate per cent per annum at 16. Provision for taxation has also been maintained at the preceding year's level.

The interest and discount earnings of the bank show an increase of more than Rs. 4 lakhs while the interest paid on deposits has advanced by Rs. 2.34 lakhs only.

The table below summarises the working results of the bank during the last three years:

Year ended 31st December	1951 (Rs. lakhs)	1952 (Rs. lakhs)	1953 (Rs. lakhs)
(a) Deposits:			
Fixed deposits	221.94	259.13	339.81
Savings bank deposits	159.22	166.78	180.87
Current account, contingency accounts etc.	610.89	452.01	368.22
TOTAL	992.04	877.93	888.90
(b) Investment (at or below cost)	285.15	300.34	292.61
(c) Advances	722.61	603.20	687.78
(d) Interest on deposits	10.49	13.13	15.47
(e) Interest and discount earnings	43.42	43.18	47.35
(f) Net profit	17.44	14.49	17.91
(g) Provision for taxation	5.10	6.00	6.00
(h) Dividend rate per cent per annum	16	16	16

PENCH VALLEY COAL CO., LTD.

The working results of the Pench Valley Coal Company Limited (Managing Agents: Shaw Wallace & Co., Ltd.) for the half-year ended 31st August, 1953, make very encouraging reading. There is an all-round increase in both raisings and despatches. Sales have shown a magnificent increase from Rs. 31.4 lakhs to Rs. 33.33 lakhs while the colliery expenses as well as the bill for salaries and wages show a downward trend. The profit for the half-year under review has increased from Rs. 5.31 lakhs to Rs. 6.77 lakhs with the result that the Directors have increased both the provisions for depreciation and taxation. They have also transferred an increased amount to the "development reserve account". The dividend rate per annum has also been enhanced from 15¼ to 17½ per cent.

The fluctuations in the fortune of the Company during the last three accounting periods are summarised in the table below:

Half-year ended	31-8-1952	28-2-1953	31-8-1953
(a) Raisings (lakh tons)	1.97	2.11	2.14
(b) Despatches (lakh tons)	2.01	2.05	2.17
(c) Sales (Rs. lakhs)	31.39	31.42	33.33
(d) Colliery expenses (Rs. lakhs)	8.40	8.97	8.79
(e) Salaries and wages (Rs. lakhs)	18.30	16.70	15.92
(f) Profit before providing for depreciation and taxation (Rs. lakhs)	4.01	5.31	6.77
(g) Provision for depreciation (Rs. lakhs)	1.28	1.50	1.94
(h) Provision for taxation (Rs. lakhs)	1.18	1.67	2.13
(i) Transfer to development reserve account (Rs. lakhs)	0.50	1.00	1.37
(j) Dividend rate per cent per annum	12½	15½	17½

BENGAL PAPER MILLS CO., LTD.

The working results of the Bengal Paper Mills Co., Ltd. (Managing Agents: Balmer Lawrie & Co., Ltd.) for the half-year ended 30th June, 1953, show a loss of Rs. 4.97 lakhs after providing Rs. 11,036 for debenture interest and Rs. 1.53 lakhs for block depreciation. The debit balance of Rs. 4.70 lakhs brought forward from the preceding half-year carries the total loss to Rs. 9.67 lakhs. The directors have written off this loss by drawing Rs. 3.37 lakhs from the "general reserve", Rs. 2.00 lakhs from the "provision for taxation fund" and Rs. 34,054 from "unclaimed dividends".

The loss during the half-year under report was a direct result of the illegal strike which started in October 1952 and continued till the 23rd March, 1953. The directors anticipate satisfactory results for the half-year ended 31st December, 1953.

No dividend has been proposed for the ordinary shareholders while the cumulative preference shareholders have been recommended 7 per cent per annum, free of income-tax. Dividend on "B" cumulative redeemable preference shares has been proposed at 6 per cent per annum (subject to deduction of Indian Income-tax).

FEDERATION OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY

Presidential Address of

Shri R. G. Saraiya

at the Twenty-seventh Annual Session held on Saturday, the 6th March, 1954, at New Delhi.

Respected Prime Minister, Your Excellencies and Friends.....,

Two years ago the Federation celebrated its Silver Jubilee Session. This year marks the Silver Jubilee of an allied body, the Indian National Committee of the International Chamber of Commerce. Ever since its inception in 1928 the Indian National Committee has consistently put forward before the international forum, the views and aspirations of India and the other less developed areas. It is also largely through the initiative of this Committee that a Regional Commission of the International Chamber of Commerce, called the Commission on Asian and Far Eastern Affairs, was set up in 1952 with New Delhi as its headquarters, so that the problems of this region may receive more adequate attention....

Turning to developments at home during the last year, it is indeed a matter of satisfaction that many of the targets set by the Five-Year Plan, notably in regard to the production of food grains, cotton and sugarcane are nearing realisation. Some of the magnificent river valley schemes are nearing completion, and the fruits of some of the small irrigation schemes as also of the community projects and agricultural development programmes are beginning to be reaped. The production of food grains in 1952-53 was some 4½ million tons higher than in 1950-51 and the estimates of crops for 1953-54 are also satisfactory. The imports of food grains have been coming down. Imports in 1953 were only about 2 million tons against 4.7 million tons in 1951. The increased production of food has enabled Government to announce relaxations in food controls. This step has been welcomed throughout the country by almost every section of the community. I should, however, like to stress that we must build up adequate stocks of food grains and keep them at a satisfactory level so as to prevent the recurrence of shortage as in the past.

The business community is keenly aware of the fundamental dependence of commerce and industry upon agricultural production. We, therefore, wholeheartedly welcome the importance given to agriculture, and the measures taken by Government for stepping up agricultural production by improving irrigation facilities, undertaking vast irrigation projects, providing better seeds, fertilisers and agricultural implements and encouraging research. The demand for agricultural products will continue to rise with our increasing population and the rise in the general standard of living. For example, the most important industry in India, viz., the textile industry, is primarily dependent on Indian cotton. As a result of the energetic steps taken by the Central and State Governments and with the assistance of the Indian Central Cotton Committee, a crop of over 4 million bales has been assured so that the gap left by the partition of the country has to a great extent been filled up both quantitatively and qualitatively. But the demand for Indian cotton is intense and the Indian textile industry could use more of it if it were available. It is, therefore, necessary to increase cotton production to not less than 4.5 million bales even during the period of the first Five-Year Plan, and to lay down plans for a further increase in the second Five-Year Plan in order to keep the Indian mills running at a satisfactory level.

In the context of the present-day conditions of soil, water supply, fragmentation of holdings etc., the Indian agriculturist is, according to best informed opinion, doing a very good job indeed and getting the maximum return which the soil in its present condition is capable of yielding. For many decades now, nearly 70 per cent of our increasing population has been dependent on agriculture. This meant increasing pressure of population on land, increasing impoverishment of the soil and increasing unemployment or underemployment in the rural areas. In order to ensure a fair return to the grower, it is necessary in the first place to provide better facilities for standardisation, grading and storage of his produce and better communications particularly in the rural areas, and to remove all handicaps to free marketing. It is also necessary to make available to him improved implements, seeds and fertilisers and better sources of water supply for cultivation. But above all, it is imperative to create conditions in which the pressure on land could be relieved so that the number of acres cultivated per agricultural worker may be increased. This naturally involves a fundamental change in the economy by resorting to such practices as mixed farming, diversion of a part of the agricultural population to other fields of activity and, over and above all this, population control. Viewed in this perspective, improvement in agriculture as well as the development of Indian industries and creation of additional employment are all seen as integral parts of one and the same programme.

In the industrial field, although some industries felt the impact of the change from a seller's to a buyer's market, throughout the year the general level of production was not only maintained, but actually increased. The index of industrial production with 1946 as the base was 117.2 in 1951. In 1952 it had risen to 128.9, while in 1953 the index has been around 134. In many industries, such as cement, power alcohol, heavy chemicals, rayon filament and light engineering, there have been sizable increases in production mainly through greater utilisation of existing capacity. In regard to cotton textiles, the current production is in fact running at a rate which is higher than the target laid down by the Five-Year Plan. At the same time, the price index for manufactured articles which was 377.5 in 1952 came down to 367 in 1953 and 364.3 in January 1954. This performance may be considered satisfactory as the fall in the price level was brought about in spite of an increase in costs, particularly labour cost, to which the Tariff Commission refer in their first Annual Report, and of industrial raw materials, the price index of which rose from 453.8 in 1952 to 459.7 in 1953 and 481.1 in January 1954.

While this rate of increase in industrial production may be regarded as satisfactory on the basis of existing installed capacity, the fact remains that investment

has not been of an order that would help sustain development on a scale necessary for a rapidly developing economy. While industry is doing its best to find capital, it would appear that investment is neither increasing nor being diverted in a significant manner to new lines of production. Although complete figures are not available, some idea of this can be gained from the figures of licences granted under the Industries (Development and Regulation) Act for new establishments in the scheduled industries. These figures do not include what would be termed as "normal" expansion, nor do they include industries outside the 37 then covered by the Industries (Development and Regulation) Act. During the one-year period ending September 1953 the total amount of additional capital required for proposed developments was about Rs. 82 crores. Of this, about Rs. 33 crores were for new establishments and the remainder, i.e., Rs. 49 crores, were for expansion of existing undertakings. Now prima facie these figures look very encouraging. But out of the Rs. 33 crores required for new establishments, Rs. 18 crores are for one of the proposed oil refineries, thus leaving only Rs. 15 crores for new industrial undertakings in other industries. Similarly, in the case of expansion also, out of the Rs. 49 crores, over Rs. 31 crores are accounted for by the iron and steel industry alone. In other words, excluding iron and steel and petroleum, the figures of investment are about Rs. 15 crores for new undertakings and about Rs. 18 crores on account of expansion schemes in other industries. It has to be noted that out of the 37 industries then covered by the Act, only 23 were granted, during the year, licences for new undertakings or for expansion. These figures can be said to be hardly encouraging in the context of the rate of industrial development necessary for the country.

Against this background, one is naturally led to a consideration of the problem of unemployment, concerning which there has been, in the course of the year, considerable public discussion. All kinds of diagnoses, and equally varied remedies, have been suggested. But the essential point which seems to have been overlooked and which I should like to emphasise is that unemployment in India is not of the type of 'cyclical unemployment' which occurs periodically in industrially advanced countries, but of a pattern characteristic of an underdeveloped economy. The real solution to the problem of unemployment lies, therefore, in diversification of employment which in turn requires a rapid development of our economy both in agriculture and industry. The magnitude of this problem is enhanced by the fact that our population is growing at the rate of about 4½ million people every year. Even assuming that the rate of growth of population is kept in check, the problem of fresh non-agricultural employment is going to be immense. Assuming that only about 40 per cent of the total population seek work or belong to the working age group as they do now, nearly two million people will be added annually to our working force. In the absence of adequate and increasing non-agricultural employment, I am afraid our economic position is bound to worsen, with all its attendant social and political implications.

There are two points which I would like to make here. It has been argued, I regret to say, even in responsible quarters, that large-scale modern industry is no solution to the employment problem. This argument does not take into account indirect employment which the manufacturing industry creates. A textile factory may employ only, say, a thousand workers, but indirectly it gives employment to many more. When we consider the employment created by the mill, we ought not to think only of the people who are directly employed, but of all the others also who depend for their livelihood on the running of the mill. This chain of indirect employment is most obvious in the industrial townships we find in various parts of our country. The numbers directly employed in the factories may be small; but 8 to 10 times that number share the prosperity created by new industries by finding employment in secondary or subsidiary industries and tertiary occupations.

There is another common argument to the effect that organised industries create unemployment by displacing people who are working on small-scale or cottage industry basis without the aid of motive power or machines. The fact is that large-scale production with the aid of modern machinery vastly increases the productivity of labour, improves the quality of the finished article, and leads to considerable reduction in the cost and thus increases consumer demand far beyond the limit that could be catered for by hand-made articles. Equally important is the fact that in this way the aggregate national income is maximised.

I realise that I am treading here on controversial ground, but I do desire that all concerned, whether in industry, in administration or elsewhere, should seriously consider the question whether employment 'per se' is the goal of our economic organisation. I would myself draw a clear distinction between employment that is gainful from the point of view of the nation in the sense that it maximises the aggregate national income and employment that merely keeps people at work at the lowest level of man-hour output. I concede there is still a considerable scope for rural industries; but I urge that that field has clear demarcations, and that we should not, in our enthusiasm to see people employed, divert our attention, energy and resources from the objective of employing them more productively and gainfully to that of keeping them merely employed, however wastefully.

I submit, therefore, that whichever way one looks at it, the industrial development of the country is a necessary condition not only for its progress but also for its survival. It is in this light, Sir, that I would comment on some events and policies which are causing concern or uneasiness to industry. No doubt, in the last few years Government have, from time to time, taken various measures to help industrial development, and we do appreciate what has already been done. Concessions have been granted in matters like higher depreciation allowances; and in some cases, Government have come to the aid of the industry by providing financial accommodation to tide over an emergency. Excise levies or export duties have been reduced in order to enable industry to market its product at home or abroad. Protection has been given in a number of cases, and tariff policies have been formulated with a view to helping industrial development. Institutions like the Industrial Finance Corporation have been set up to augment the financial resources available to industry. But, by and large, Government policies have so far been evolved merely to meet particular situations; and the manner of tackling them has also been piecemeal and almost on an ad hoc basis. What I would urge, however, is the desirability of launching a policy which, as a whole, has the clear impress of Government's earnest desire to create a new atmosphere, that is to say, an environment in which private initiative and enterprise can contribute its best in the task of building up the nation, with the conviction that effort will have its reward, and that the fruits of initiative and work will not be denied.

In this connection, it is well to remember that Government have adopted the concept of a mixed economy, a concept which has found broad public acceptance and with which business and industry are anxious to co-operate. But mixed economy implies the co-existence of public and private sectors, neither inferior to the other like the two sides of the same coin. In this scheme of things, it cannot and must not mean that the public sector enjoys some form of precedence, where the private industrial class is only temporarily tolerated and permitted merely to survive pending further developments in the public sector. A mixed economy can only function if there is, within the community, a balance of forces, with free enterprise operating as one of the autonomous forces pulling its weight alongside State enterprise, trade union and other elements in society. No programming, therefore, which seeks to fulfil the plans only in the public sector would really serve the needs of the community, if, as a result of the policies pursued, the private sector were to be starved of the requisite resources to perform its functions, or if it were meant to operate in an environment where its motives are in doubt or its mode of operation is unduly circumscribed by complex rules and regulations. What I am urging is that, within the broad limits inherent in the concept of a mixed economy, private enterprise must be allowed a certain freedom of action to function according to its own ways. I am glad, Sir, that this point was recognised by you in the course of your Speech last year.

But unfortunately Government policies do not always show sufficient awareness of the conditions under which private enterprise in a mixed economy can function. Of course, in modern times private enterprise cannot survive unless it is imbued with the spirit of service. Yet, everywhere its ideal should be the highest level of efficiency, realisable under conditions of free and fair competition and when the entrepreneur and the investor can look forward to a reasonable return for the service rendered and risks run. Under these conditions, free enterprise, in search of larger returns, will produce more goods, make them available to society at cheaper prices, expand the volume of employment and discover new ways of satisfying consumer wants. It should be recognised that the returns or profits of free enterprise do not constitute merely the income of the entrepreneur or of the investor, but they also form an important source of further investment in industry. At present, the importance of adequate returns for the development of industries is not often appreciated. For example, take the recent case of fixation of prices of cement. The Tariff Commission, in the case of cement, as also steel, after detailed scrutiny had recommended a price which was calculated to ensure a return of 10 per cent on the gross block to the industries—a return which would have left a net return to the producers of only some 4 per cent after payment of company taxation, managing agency commission, bonus to workers, etc. The suggested gross return has been reduced by Government to 8 per cent, so that the net return will come to only about 3 per cent. Similarly the return to the investor in the electric supply industry was limited by the Electricity (Supply) Act, 1948, to a ceiling of 5 per cent on the "capital base" which has been meticulously defined but is roughly equivalent to the net block. In spite of tightening money conditions since then, the Government have so far not agreed to allow an increase in this rate of return. I seriously doubt whether, on this basis, we can ever hope to secure the savings of the average investor in this or any other country to Indian industry. I would strongly urge upon Government the need to readjust their concept of "fair return" and the basis for computing it.

On the question of protection to indigenous industry also, there are certain things which deserve the careful consideration of Government. Apart from recommending the levy of import duties or increases in the rates of duties, the Tariff Commission generally recommend certain other forms of assistance also such as, placing of orders by Government with indigenous manufacturers, refund of duty on capital goods or raw materials, facilities for technical training, concessions in railway freights, etc. Often, these recommendations are accepted by Government in general terms; and it has been the experience that difficulties arise inasmuch as these ancillary recommendations are not given effect to and mere tariff protection is given to the extent recommended, or even to a lesser extent. Government should view the Tariff Commission's recommendations as an integral whole and if some of them are not implemented, the effective protection becomes much less. In fact, then the extent of tariff protection required would have to be even higher than what was recommended by the Tariff Commission.

Besides direct tariff protection, Government can also do a great deal through placing restrictions on imports. This is particularly true of industries in which the ultimate cost to the user is quite small—for instance, tea chests, ball-bearings, or pencils—because, in such cases, consumer prejudice in favour of imported articles cannot be overcome merely by levying a higher import duty. The need for import restrictions to safeguard the domestic industries also exists where the normal channels of distribution are largely in the hands of foreign firms, as in the case of certain chemicals and allied products. At the same time, Indian industrialists who require machinery and engineering goods for their factories can assist Indian industry very greatly by insisting on purchasing Indian goods wherever they are available, in spite possibly of a slightly higher price or slightly lower quality, so as to give breathing time to the Indian engineering industry to build itself up. Similarly, the purchase policy of Government can also play an important role now, when with the gradual expansion of the public sector, Government purchases have a significant influence on the production programmes of indigenous industry. We have made detailed suggestions to Government in this regard in our replies to the Stores Purchase Committee, and I shall not go into them now. I would like, however, to mention that Government patronage to indigenous manufacture is extended even in advanced industrial countries like the U.S.A. The legislation popularly known as the 'Buy American Act', which was enacted as far back as in 1933, and which requires the Government of the United States to give preference up to 25 per cent of the price of the competing foreign product "laid down" in the U.S.A. after paying duty to domestic purchasers, still continues to be in force. If the most advanced industrial country like the United States finds it necessary and desirable to give preference to indigenous manufacture, there is all the more reason why, in the early stages of our industrial development, our official policies must be outspokenly in favour of Swadeshi manufacture.

In addition to the assistance in the form of protection and Government purchases, there is the broader question of resources for the private sector, which in turn is closely linked up with the structure of taxation, and also with the existence of suitable institutional arrangements for securing industrial finance. On the important question of taxation, the Federation has submitted its views to the Taxation Enquiry Commission. There is, at present, a widespread agreement among informed opinion, that the present burden of taxation is acting as a serious deterrent to industrial development. The sheer weight of current taxation on those very sections of the community which form the entrepreneurial class, has tended to reduce the incentive to invest. Anything which says to those who organise new industries "if you should make a profit a large slice of it will be taken as tax, while if you make a loss that is your hard luck" can have no other consequence than to restrain people from organising and conducting corporate enterprise which involves risk. The whole question of the taxation structure is now before the Taxation Enquiry Commission, and I trust that they would make a realistic appraisal of the present system,

and suggest modifications which will encourage savings and investments.

There is another difficulty which I think constitutes a serious handicap to anyone wanting to launch forth into fresh fields of industrial activity. There are a number of 'don'ts' which Government policies have laid down. For instance, no one may put up a new line of manufacture or undertake what is known as "substantial expansion" without securing permission under the Industries (Development and Regulation) Act, and the Licensing Committee sees to it that investment does not take place in certain directions. But there is nothing positive, so far as I know, in present Government policy which would indicate to a prospective investor and entrepreneur, that the Government are actually eager that he should venture forth in one particular industry or the other, or that, if he does so, he will receive certain specified types of assistance. What I am suggesting is that just as there are a series of 'don'ts', there should also be specific fields of activity in which Government actually want private enterprise to come forward. I am sure that if a clear indication were given of any new or poorly established lines which Government think private industries should develop, the industrialists in this country will not be found wanting.

There is an important aspect of Government policy which continues to create difficulties for industry. Recently, the Federation conducted an urgent enquiry amongst its members to find out whether and to what extent employers had been deterred from expanding on account of labour legislation now in force. The replies received support the general feeling that labour legislation is acting as a restrictive influence on new employment. The same pattern is revealed in other sectors also. For instance, largely as a result of the operation of legislation relating to industrial disputes since 1948, the total number of offices of scheduled banks fell from 2913 in 1948 to 2647 in 1951. In the case of the non-scheduled banks, the decline was equally large, the number of offices declining from 1769 in 1948 to 1504 in 1951. The fall in the number of offices of banks has not had any appreciable effect on the volume of employment mainly because banks have been prevented from discharging surplus staff by the orders of the Labour Commissioners or Tribunals. There is a further anomaly in the present situation in that Government Departments are allowed to retrench personnel, but private industry is denied the right to adjust its labour force and costs in the context of improved available methods of production or of changing market conditions. While justifying retrenchment in some Government offices, it was stated, and quite rightly, on the floor of the House, that it was impossible to keep people who had absolutely no work. I, for one, can see no reason why the same principle should not hold good in private industry as well.

Of course, I am aware, Sir, that the entire question of labour relations is a human problem and that one cannot apply merely economic considerations to a problem which is a broader sociological one. But, the fundamental question is, whether the present labour policy is really in the long-term interests of labour itself. At present, if anything, it places all kinds of restraints and restrictions on the employer and discourages him from giving more employment. Perhaps the hands of those who are already in employment are strengthened through the current labour legislation but this is done at the cost of those who are seeking employment. Government, in their attempts to stem temporary unemployment, are also lessening the chances of those presently unemployed of securing employment and to this extent the present policies are self-defeating. While the important contribution of labour to production is acknowledged, and while labour must certainly receive its just dues, it should be remembered that real earnings are ultimately linked up with productivity. It is, however, heartening to note that in responsible labour circles also the truth that the only way in which the earnings of labour can be really improved is by improving the productivity of labour is gaining ground. Recently Shri Jaiprakash Narain has boldly and frankly come out publicly in favour of this idea. In a message to the All-India Postmen and Lower Grade Staff Union on the occasion of the Union's Silver Jubilee Conference he had stated quite explicitly that "if labour is to advance further, which it should undoubtedly do, trade unions must be prepared to take the responsibility for increased production". He was also equally explicit that "a stage has been reached in which little improvement is possible unless the trade union movement is prepared to co-operate in improving efficiency and standards of production."

Permit me, Sir, to refer to a point in which all of us, quite irrespective of the vocation we pursue, are and should be interested as citizens of a free country. It is as to how best we can preserve our freedom. To my mind, the primary condition is the unshakable faith not only in our country's destiny but also in its unity. In a country so large as ours, with wide diversities in race, language and religion, we must always vigilantly guard against conscious or unconscious words and deeds which exaggerate differences or undermine the basic unity of the nation. I am convinced that, more than anything else, modern commerce and industry is the most important single factor that promotes political and economic unity. In fact, Commerce and industry can themselves neither thrive nor contribute their maximum to the welfare of the community except on the solid foundation of political and economic unity. It is in this light that the policies pursued by some of the State Governments in matters like sales tax and Government purchases have to be considered.

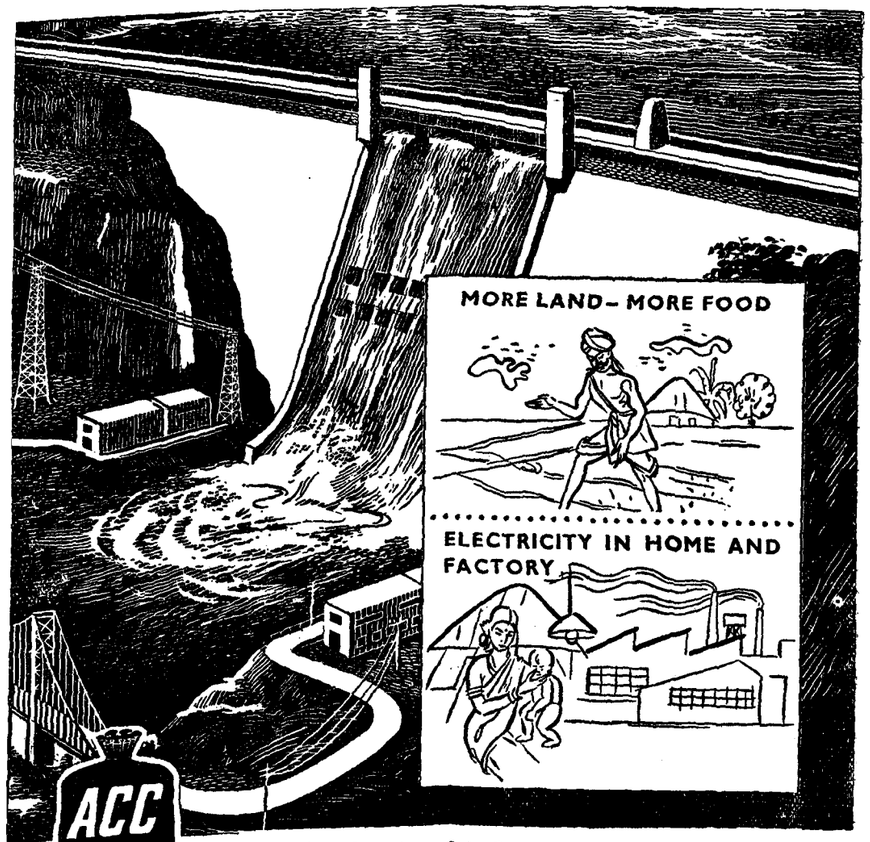
The policies of many State Governments in regard to sales tax have, no doubt, unwittingly, impeded inter-State trade and the impediments seemed at one time likely to threaten to some extent the economic solidarity of the country. Fortunately, wiser counsels appear to have prevailed and the question of sales tax in relation to inter-State trade is being reconsidered. I would respectfully urge all the State Governments to establish and maintain conditions under which inter-State trade can flow freely in all directions within this great country without let or hindrance. Similarly the policy of some State Governments in discriminating against manufactures of other States cuts at the very root of our national unity. "Regional development", like all slogans, can be and is over-stated; and such merit as it undoubtedly possesses is vitiated by excessive zeal. It behoves the Central Government, which is charged with the general economic well-being and political unity of the nation, to insist that no policies shall be countenanced which tend to disrupt the solidarity of the country.

One final word to my friends—the business community. The ultimate test by which we the business men of India will be judged will be the service we render to the Indian people, and the reputation we establish for fair dealing and integrity. We, too, must not be ensnared by narrow considerations of linguism, or by the attractive pitfalls of regionalism. For us there can be no better objective than the best interests of our country and no higher Court of Appeal than our own countrymen. Ours is a great country with a great future, and its business men can play an important part in shaping its destiny. In this role the Federation can be a valuable instrument, if it has the co-operation and support of the business community as a whole.

BHAKRA-NANGAL PROJECT
Built to last with ACC Cement

The colossal Bhakra-Nangal scheme will harness the waters of the river Sutlej for irrigation and power. It consists of two mighty dams, at Bhakra and Nangal respectively, and five power stations. When completed, it will bring millions of acres of land under irrigation and will supply electric power to the surrounding areas.

In this task of increasing the economic wealth of the country, ACC Cement is playing a vital part.



The free technical services of the Concrete Association of India at 82/84 Queensway, New Delhi, are available on all construction problems.

THE CEMENT MARKETING COMPANY OF INDIA LTD.

Sales Managers of

THE ASSOCIATED CEMENT COMPANIES LIMITED

SISTA'S CMI-110 B

By the Technical Editor, "The Times of India"

"CARBON" DEPOSITS IN PETROL ENGINES

Ignition Control Additive And Its Technical Background

THERE is, at the present time, a great deal of inaccurate thought not only on the part of motorists, but of many automobile engineers, in regard to the so-called "carbon" deposits which form in the combustion chambers of a modern petrol-driven engine.

"Carbon", in this context, really means the products formed by the incomplete combustion of pure hydrocarbon substances such as the straight petrol and the undoped lubricating oils used in early engines, which were of relatively low compression ratio and of low speed.

Development in engine design, resulting from demands for more power, greater economy and, to a lesser extent, reduction in overall weight in units of given capacity, has lead to higher and higher compression ratios and speeds which, in turn, have made the use of leaded fuels and doped lubricating oils essential.

The result of this has been that combustion chamber deposits, although still referred to by most people as "carbon" are in practice far from it and, in fact, consist of lead compounds derived from the fuel, to the extent of 70 to 90 per cent of the total.

It is, of course, well known that tetra ethyl lead is added to motor spirit to raise its octane value to a level suitable for the requirements of the modern high compression engine and, the difference in combustion chamber deposits resulting from lead compounds and those of carbonaceous origin are clearly seen by visual examination as, while the latter are black, the former are of a greyish colour.

The problems arising from the ill effects of lead compound deposits in combustion chambers first became acute in the case of aero engines where, of course, fuels of a very much higher tetra ethyl lead content are employed than that of Motor Spirit, and plug fouling became so pronounced that it formed the major cause, in the Second World War, of unscheduled delays of aircraft, rapid increase in maintenance and, in some cases, dangerous power loss at take off.

Plug Fouling

The problem was more pronounced in the case of in-line engines than in the radial type, on account of the greater difficulty involved in obtaining uniform fuel-air mixture distribution to all cylinders in the former design, and Shell Research Laboratories first gave thought to the possibilities of improving the "scavenger" introduced with tetra ethyl lead which is normally ethylene dibromide.

The purpose of the introduction of a "scavenger" into gasoline along with the tetra ethyl lead is, as its name implies, to combine with it chemically and scavenge it from combustion chambers in a form in which it is readily dissipated.

Very complete investigation of the performance and effect of ethylene dibromide then took place and, although alternative "scavengers" were tried, it was found that as ethylene dibromide was already removing 97 or 98 per cent of the lead compounds formed during combustion the remedy did not lie in this direction, as the remaining 2 or 3 per cent were generally the result of inequal lead distribution between cylinders caused by inlet manifold design features, which could not be eradicated because of general engine layout.

In view of this conclusion, research was then directed towards a thorough investigation of the mechanism of plug fouling in which X-ray analysis was the key technique used to identify deposits, which proved to be complex combinations of lead, bromine, oxygen and sulphur—these compounds constituted 70 to 90 per cent of the total, the remainder being carbonaceous material.

Cause of Failures

The particular compounds found on plugs were then examined for their physical and electrical properties and it was found they were capable of causing plug failure as a result of three main causes:

(i) Under operating conditions resulting in high plug temperatures they are capable of causing short circuits, as their electrical resistance diminishes rapidly with temperature. This phenomenon is most likely to be noticed by motorists when accelerating after a spell of traffic driving in the form of a mysterious misfire, which disappears when the engine cools off, only again to reappear on further acceleration.

(ii) Bridging of the plug gap by flying chunks of deposit. This cuts out the plug completely by forming a direct short circuit, and it will not function again at all until it has been removed from the engine and cleaned. This phenomenon may be mistaken for "oiling up" by the motorist although, in practice, it has nothing to do with it.

(iii) The third, more common, is caused by the formation of an electrically conductive track to earth along the inside of the plug insulator. This phenomenon is exceedingly difficult to detect in the modern type of automobile plug which cannot be dismantled for inspection and cleaning and, although its effect is similar to that described under (i) above, it will not respond to sand blasting, whereas the former can be corrected, temporarily, by this means; current aircraft practice is now swinging to chemical cleaning methods to remove such deposits.

In view of the fact that Shell investigators had reached the conclusion that complete eradictation of lead deposits from combustion chambers was impracticable, and having acquired data in regard to the particular features of these deposits which were responsible for plug failures, they set about a new line of investigation to find a substance, to be added to the fuel, which would change these deposits chemically into a form in which they would be innocuous.

Combustion chamber and piston head deposits were found to consist mostly of lead bromide, lead oxybromide and lead oxysulphate which have melting points of 370 deg. c., 710 deg. c. and 980 deg c. respectively. Those on plug insulators were slightly more complex, they too contained a large proportion of lead bromide of the low melting point of 370 deg. c., which also has the undesirable features of losing all electrical resistance at engine operating temperatures and, when combined with carbon, a catalytic effect is obtained.

This reduces the latter's ignition temperature from 500 deg. c. to approximately 200 deg. c., a figure which is, of course, well within the operating temperature of a petrol engine.

New Additive

The substance found the most satisfactory for reducing plug fouling was tri-cresyl phosphate which, by forming lead phosphate complexes, raised the general melting point of the deposits from 370 deg. c. for lead bromide to temperatures ranging from 950 deg. c. to over 1,000 deg. c.; furthermore, the lead phosphate complexes so formed have excellent electrical resistance at temperature as high as 600 deg. c. and still retain resistance at 750 deg. c. which is beyond the range normally encountered in a petrol engine.

In 1930 the average compression ratio of petrol-driven automotive engines was slightly less than 5 : 1 whereas today it is 7 : 1, and, there are cars on the road with ratios of 8.5 : 1.

This change alone has meant an improvement in consumption of 15 to 20 per cent, and it has been met by increasing the octane number of Motor Spirit.

There is, naturally, a desire on the part of engine manufacturers to pursue this policy to new levels, but experience has shown that the production of fuels of high octane value to meet the need of still higher compression ratios, is not the only obstacle to development.

Pre-ignition

Pre-ignition which, in the automotive engine, usually takes the form of uncontrolled ignition of the fuel-air mixture by incandescent deposits, is a problem quite separate from what is known as "knock", is much less amenable to treatment by increased octane quality and is, to some extent, more serious than plug fouling, as the latter could be corrected by fitting new plugs but, before the introduction of I.C.A., the former could only be corrected by stripping the engine and removing the deposits physically.

Road vehicle engines are generally of in-line construction, that is to say, they are generally of straight four cylinder, straight six cylinder, straight or V. 8 design and, as such, they tend to suffer from uneven lead distribution between cylinders with its attendant plug fouling and pre-ignition troubles.

The symptoms of pre-ignition vary considerably and are not easy to define but, generally speaking, mysterious noises, lack of power and rough running which shew up when an engine is hot, subside when it cools off only to reappear when full power is again employed, have their basis in pre-ignition.

Another sympton which may have the same cause is "running on" i.e., the engine continues to run when the ignition is switched off but, on the other hand, "running on" is not necessarily caused by incandescent cylinder head deposits, as a hot spot of any kind such as a plug electrode or exhaust valve can have the same effect.

Tri-cresyl phosphate does not, itself, improve the octane value as measured by the Motor Research Methods on the C.F.R. variable compression ratio test engine, but the actual octane requirement of an engine which has covered many miles in a road vehicle increases appreciably as a result of fouling and tendency to pre-ignition and it is found, in practice, that it is generally possible to advance ignition settings appreciably with a consequent gain in economy and power as a result of its use.

I.C.A. (Ignition Control Additive) now contained in all supplies of Shell and B.O.C. leaded Motor Spirit is tri-cresyl phosphate, which converts combustion chamber deposits into lead phosphate complexes thereby rendering them harmless is, itself, a major discovery which will be of incalculable assistance in engine development.

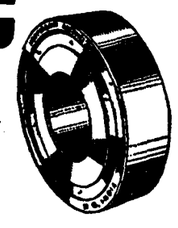
OPEN A
Savings Bank Account WITH
LLOYDS BANK

you will earn interest
you can pay by cheque
you have a passbook for record

BRANCHES IN INDIA, PAKISTAN, BURMA & KASHMIR

LLOYDS BANK LIMITED INCORPORATED IN ENGLAND
LB/G/54—1954

NBC



Do you know...

Where steel balls are concerned our boys at the factory work to tolerances of less than ten thousandth of an inch.

NBC ball bearings are equal to the world's best

NATIONAL BEARING CO., LTD.
JAIPUR — RAJASTHAN



Every Drop Counts

Well watered and good seeds sown, the Good Earth yields richer harvests.

FOR YOUR AND POSTERITY'S BENEFIT

Save and Invest in

These Guaranteed Securities

NATIONAL SAVINGS CERTIFICATES	Rs. 150 for Rs. 100 in 12 years.
TEN-YEAR TREASURY SAVINGS DEPOSITS	3½% interest paid annually and capital secured for 10 years.
POST OFFICE SAVINGS BANK DEPOSITS	2% interest added on deposits up to Rs. 10,000/- (on deposits up to Rs. 20,000/- in the case of joint accounts).

Interest earned is free of Indian Income-Tax

FROM SMALL SAVINGS TO GREAT BENEFITS

These Tubewells

Irrigate more land & give more Food

For further information and/or rules governing these investments please write to the National Savings Commissioner, Gorton Castle, Simla-3, or the Regional National Savings Officer of your State.

A.C. 513

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360 0*	369.5	619.8	397.4	90.6	100.4	86.8	94.0
June „ c ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	94.4
July „ c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August „ c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September „ c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October „ c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November „ c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December „ c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
Week Ending										
9-1-1954 ..	380.1	480.4	360.2*	363.4	709.9	397.4	90.3	101.8	87.8	97.4
16-1-1954 ..	383.5	483.2	361.4	364.6	706.6	399.5	90.3	101.6	87.6	97.3
23-1-1954 ..	386.3	484.3	362.9	364.7*	711.4	401.0*	90.3	101.7	87.6	98.4
30-1-1954 ..	379.8	486.5*	365.2	364.9	708.9	399.6	90.3	101.6	87.5	100.0
6-2-1954 ..	377.5	475.2	362.5	365.9	698.4	396.8	90.3	101.6	87.7	101.0
13-2-1954 ..	375.7	476.0	361.2	367.6	696.1	396.6	90.3	101.6	88.0	101.2
20-2-1954 ..	370.8	474.2	359.8	370.1	695.8	395.2	90.3	101.5	88.1	102.2

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

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	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	..	..	351	..	..	..
1953 January	330	346	260	135	337	454	381	146	327	144	149	139
February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	—	—	350	149	155	—
1954 January	—	—	—	139	—	442	—	—	353	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	6-3-1954			27-2-1954			20-2-1954			13-2-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) —	89- 8	87-14	88-11	88- 9	86- 9	87-12	89-13	86-5	88-1	87-10	85- 9	86- 9
Silver (per100 fine tolas)	164-13	163- 1	163-13	165- 2	162-10	164- 2	166-4	162-1	164-12	162- 8	160-11	161-

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
1949-50*	(5,58) 1,128,94	(—) 24,00	(5,58) 1,152,94	40,02	647,04	687,06	59.59	(90) 50,53	415,36	(5,58) 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	63,98	488,36	1,217,62
1952-53*	1,114,84	27,87	1,142,72	40,02	564,40	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
Week Ending										
15-1-1954	1,158,44	15,46	1,173,90	40,02	618,15	658,17	56.07	94,35	421,38	1,173,90
22-1-1954	1,154,84	19,40	1,174,24	40,02	618,15	658,17	56.05	94,69	421,38	1,174,24
29-1-1954	1,156,01	18,37	1,174,38	40,02	618,15	658,17	56.04	94,83	421,38	1,174,38
5-2-1954	1,173,82	9,43	1,183,25	40,02	628,15	668,17	56.47	93,71	421,38	1,183,25
12-2-1954	1,179,56	13,38	1,192,94	40,02	638,15	678,17	56.85	93,43	421,34	1,192,94
19-2-1954	1,173,90	19,49	1,193,39	40,02	638,15	678,17	56.83	93,88	421,34	1,193,39
26-2-1954	1,171,43	22,28	1,193,70	40,02	638,15	678,17	56.81	94,19	421,34	1,193,70

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	485
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	414
1949-50*	(14,33) 141,19	(3.04) 23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	(i) 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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,28	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	8,95	21,74	40,14	61,95	213,36	22.49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
Week Ending														
15-1-1954	98,19	21,47	42,53	57,88	220,07	22,47	252,55	15,68	19,60	114,19	1,26	20,11	73,94	7,77
22-1-1954	98,85	21,90	42,10	58,22	221,07	22,32	253,40	19,65	16,62	114,19	72	21,57	72,81	7,83
29-1-1954	101,60	23,29	38,50	59,02	222,41	22,10	254,52	18,64	15,19	116,17	..	23,93	72,47	8,11
5-2-1954	93,28	19,51	38,08	59,01	209,88	20,03	239,90	9,58	13,15	108,14	55	28,35	71,72	8,43
12-2-1954	91,54	17,00	40,31	62,62	211,47	22,09	243,56	13,57	14,07	101,43	1,02	33,79	71,21	8,47
19-2-1954	87,24	21,79	41,01	62,29	212,33	24,39	246,72	19,73	13,13	103,99	20	30,61	70,76	8,21
26-2-1954	86,06	28,66	41,17	63,87	219,76	23,46	253,22	22,58	10,70	106,82	1,11	32,02	71,48	8,51

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

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	16,44	45.10	..
1949-50 ..	597,79	272,59	870,38	34,47	65,85	11.53	426,74	15,35	50.79	..
1950-51 ..	599,13	278,45	877,59	34,68	60,78	10.88	447,03	11,87	52.29	..
1951-52 ..	593,73	290,82	884,55	37,33	57,29	10 70	523,59	22,81	61.77	303,48§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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 ,, ..	529,18	322,18	851,36	31,91	39,92	8.44	473,54	58,62	61.53	301,43
May ,, ..	527,17	324,95	852,11	33,22	39,94	8.59	464,10	60,87	62.77	300,46
June ,, ..	532,42	328,21	860,64	31,86	42,99	8.70	443,69	58,38	61.32	309,77
July ,, ..	527,25	329,39	856,64	30,56	44,55	8.77	430,70	52,83	57.69	314,39
August ,, ..	525,51	330.22	855,73	31,12	48,48	9.30	422,67	49,09	56.01	323,14
September ,, ..	527,00	332,50	859,50	31,11	53,01	9.78	417,26	43,68	54.56	331,04
October ,, ..	525.93	334,01	859,94	32.18	55,21	10.15	414.71	39,55	53.15	336,85
November ,, ..	523,72	332,41	856,13	31,83	51,10	9.68	412,87	39,76	52 96	338,57
December ,, ..								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	400,45	56,11	60.85	320,55
Week Ending										
24-7-1953 ..	535,82	328,31	864,14	30,92	50,53	9.43	438,77	51,22	56.70	315,61
31-7-1953 ..	530,25	328,27	858,52	30,69	44,78	8 79	438,02	51,48	57.02	316,41
7-8-1953 ..	529,97	327,59	857,56	29,44	47,05	8.92	436,59	51,76	56.95	319.05
14-8-1953 ..	522.66	330,10	852,76	29,86	41,12	8.32	431.15	49,53	56.37	323,07
21-8-1953 ..	528,18	328,52	856,70	31,22	44,10	8.79	428,51	48,28	55.65	323,56
28-8-1953 ..	528,21	331,36	859,57	31,73	45,93	9.03	426,53	46,81	55.07	326,88
4-9-1953 ..	528,59	330,56	859,15	31,93	49,11	9.43	428,02	45,87	55.16	327,96
11-9-1953 ..	526,79	330,34	857,13	30,54	48,01	9.15	423,30	44,43	54.51	329,15
18-9-1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42,45	54.45	333,16
25-9-1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2-10-1953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-1953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16-10-1953 ..	520,35	332,92	853,27	30,06	50,34	9.42	420,89	38,62	53.86	336,15
23-10-1953 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16
29-1-1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5-2-1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12-2-1954 ..	513,66	330,41	844,07	32,60	39,40	8.53	461,68	53.56	61.04	320,61
19-2-1954 ..	522,30	331,20	853,50	31,96	39,84	8.41	462,46	55,88	60.73	320,14
26-7-1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	458,52	62,89	61.19	319,23

Undivided India

§Average of weeks from November 1951

INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Full year 1952	December		12 Months Jan–Dec.	
		1952	1953	1952	1953
Total All Exports	114,554	10,598	11,983	114,554	101,500
Of which :–					
Tea	48,732	5,160	7,183	48,743	51,928
Tobacco	6,956	391	485	6,956	5,790
Non-metalliferous mining and quarry products other than coal	2,760	220	165	2,760	1,650
Non-ferrous metalliferous ores and scrap*	3,184	425	317	3,184	3,303
Raw cotton and cotton waste	2,297	308	177	2,297	2,993
Wool, raw and waste and woollen rags	3,447	530	67	3,447	3,935
Seeds and nuts for oil, oils, fats, resins and gums	6,139	378	111	6,139	4,147
Hides and skins, undressed	538	79	64	538	954
Woollen and worsted yarns and manufactures@	1,231	175	162	1,231	1,958
Coir mats and matting	1,216	191	198	1,216	1,869
Jute manufactures	13,261	109	900	13,261	6,493
Oils, fats and resins, manufactured	1,230	71	62	1,230	650
Leather and manufactures	9,284	1,497	1,014	9,284	14,014

* Mainly manganese ore. @ Mainly carpets, floor rugs, etc.

II. PRINCIPAL IMPORTS

(Thousand £)

	Full year 1952	December		12 Months Jan–NDec.	
		1952	1953	1952	1953
Total All Imports	112,149	3,009	9,679	112,149	114,491
Of which :					
Machinery	35,625	3,009	2,898	35,625	33,767
Vehicles (including ships & locomotives)	16,824	1,300	1,295	16,824	15,308
Iron & steel & manufactures	7,752	748	672	7,752	7,391
Pottery, glass, abrasives, etc.	1,885	135	139	1,885	1,726
Non-ferrous metals & manufactures	2,348	184	172	2,348	3,445
Cutlery, hardware, implements & instruments	3,572	312	238	3,572	3,673
Electrical goods & apparatus	11,393	1,217	470	11,393	10,509
Cotton yarns & manufactures	3,478	380	222	3,478	2,319
Woollen & worsted yarns & manufactures	4,840	227	357	4,840	5,733
Silk & artificial silk yarns & manufactures	692	38	96	692	841
Chemicals, drugs, dyes & colours	9,969	492	695	9,969	9,938
Paper, cardboard, etc.	2,128	122	58	2,128	1,282

III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Full year 1952	December		12 Months Jan–Dec.	
		1952	1953	1952	1953
Total Machinery	35,626	3,009	2,898	35,625	33,767
Of which :					
Agricultural machinery	460	11	6	460	122
Boilers & boiler-house plant—					
Boilers, water tube	593	51	54	593	464
Other	865	133	69	865	1,189
Electrical machinery—					
Generators	1,236	103	150	1,236	1,505
Motors & parts	613	44	59	613	777
Other descriptions	3,921	385	561	3,921	5,079
Excavating & earth-moving machinery	790	14	59	790	483
Mechanical handling equipment	1,004	148	168	1.004	1,443
Machine tools (metal working)	1,336	188	114	1,336	1,934
Mining machinery, other than portable power tools	418	34	21	418	307
Internal combustion engines—					
Marine	58	5	9	58	65
Other	3,437	104	42	3,437	407
Printing, bookbinding, etc., machines	697	31	35	697	801
Pumps	980	79	57	980	856
Refrigerating machinery	228	12	18	228	263
Sugar making & refining machinery	216	18	8	216	279
Textile machinery	8,668	728	593	8,668	6,990

Source :—Trade and Navigation Accounts of the U.K. (H.M.S.O.)

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52,Queensway, New Delhi. Editor:—E. P. W. da Costa, M.A. (Oxon.)

25MAR1954 MADRAS GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 12. NEW DELHI: MARCH 19, 1954. ONE RUPEE.

CONTENTS

Page

LEADING ARTICLES:

PAKISTAN: THIS PICTURE AND THAT 465
BY FORCE OF HANDS 467
CAPITAL RETURN AND DEVELOPMENT 468

THE WEEK'S NOTES 469

The Travancore-Cochin Chessboard; Future of Prohibition; Sterilized Fare for A.I.R.; Electioneering in Moscow; Kenya—A Modicum of Multi-Racialism; No Licence for Libel.

WORLDGRAM AND NEWS IN BRIEF .. 471

A WINDOW ON THE WORLD

Odysseus on "The Best Dialogues Since Plato" 475

BOOK REVIEWS 477

A DELHI DIARY .. 479

Page

SPECIAL ARTICLES:

LAND NATIONALIZATION IN BURMA 480
TRENDS IN LIFE INSURANCE 481

THE BUSINESS WORLD:

Cheaper Insurance 483
The Indian Council of Foreign Trade .. 483
Insurance in 1952 485
Distribution of Sugar Imports 486

BUSINESS NOTES 488

Stores Purchase Policy; Coal and Transport; New Price for Fertilizer; Expansion of Glass Industry; Relief for Confectionary; Rationalisation of Air Services; I.M.F. Charges; Export of *Kyanite*; Fee for Capital Issue Applications; Iron and Steel Scrap Prices.

COMPANY AFFAIRS 491
COMMODITY NEWS AND NOTES 493
CURRENT STATISTICS 499

Pakistan: This Picture and That

THE people of Pakistan have good reason to be satisfied with the Budget for 1954-55 which Mr. Mohammed Ali presented to the Pakistan Parliament last Monday. The income-tax exemption limit has been raised from Rs. 3,600 to Rs. 4,200 and income-tax and super-tax exemptions on investments of share capital in approved industrial public companies have been continued for a further period of one year subject to existing limits. The import and excise duties on motor spirit have been reduced from Rs. 2 to Rs. 1-8 per gallon; the import duties on coconut oil, copra or coconut kernels, and spices have all been reduced to 30 per cent. The exemption from tea export duty has been continued for another year; and there is also exemption in respect of taxation on money brought from abroad for another year. A twenty per cent rebate of import duty will now be granted on radio parts imported for assembly of sets in Pakistan. And there is relief described as "cent per cent of Pakistan tax or foreign tax, whichever is lower," to residents of Pakistan in respect of their foreign income. There have been concessions all round. And yet there is a small surplus (after these concessions) on revenue account of Rs. 10 lakhs, expenditure being estimated at Rs. 111.37 crores and revenue at Rs. 111.47 crores. A surplus of the same order is shown in the revised estimates for 1953-54 with revenue at Rs. 107.92 crores and expenditure at Rs. 107.83 crores.

It is just that a tribute should be paid to Mr. Mohammed Ali, whose management of the finances of Pakistan, now that he is back at the helm, bears every sign of imagination and understanding of the popular mind. There are no irritating little levies like our soap and footwear excises; there are substantial psychological reliefs, although from the fact that they only cost the Exchequer Rs. 2.2 crores, nobody need be deceived on their generosity in substance. Nevertheless, the Finance Minister of Pakistan has better understood the political temper of our age than has the Finance Minister of India. Both have stopped short of soaking the rich, but the Finance Minister of Pakistan has refrained from making even a token thrust at the poor. On the contrary, he has shown his sympathy in a form which will win quick appreciation. The only complaint that can be made is that it is still too little and a little too late.

By a coincidence which had its striking parallel on Budget day in India, the first results of the East Bengal elections were released in Karachi on Budget day. As the first results of the Travancore-Cochin elections contained a rebuke to Congress administration in Travancore-Cochin, the preliminary results in East Bengal show an overwhelming rebuke to the Muslim League Government there. The humiliation has been far greater for the Muslim League than was the Congress set-back in Travancore-Cochin. Mr. Nurul Amin, Chief Minister of East Bengal, was defeated in his home constituency by 7,000 votes by a student leader, Mr. Khaliq Nawaz, of whom nothing has been heard outside Pakistan until this day. At the time of writing, the United Front has won 85 out of 96 seats the results of which have been announced; the Muslim League has won only 3 seats. There is no record in the history of the subcontinent of any rout as great as this of the forces of an administration in power. Two conclusions would appear to follow. Firstly, these elections have been fair; secondly, because these elections have been fair, the stock of the Muslim League in East Bengal has slumped to about zero.

The satisfaction with which Karachi might have viewed the splendid stewardship of Mr. Mohammed Ali—whose gallant fight back to health has been highly correlated with Pakistan's financial recovery—has thus been rudely shaken. An element of high instability has thus appeared in the economic life of Pakistan which not all the spacious inducements that the Finance Minister can hold out can affect or restrain. At this particular moment, it is not clear what the United Front will do with its spectacular victory. But it is becoming increasingly clear that Mr. Mohammed Ali, Prime Minister of Pakistan, whose party has been overwhelmingly defeated, cannot for long hold the reins in Karachi. His position as Prime Minister of Pakistan was a concession to his following in East Bengal. Now that his following in East Bengal has been hopelessly exposed, it can only be a matter of weeks—may be even days—before he vacates his office.

As the 80-year old United Front Leader, Fazl-ul-Haq, moves into office in East Bengal, the question will arise what pressure his arrival will exert on the Central Government. Almost certainly the way will be paved for the arrival in Karachi of Shaheed Suhrawardy, and no more controversial figure could be thrown into the politics of West Pakistan. A Cabinet crisis in Karachi cannot be very long delayed. There is every justification for the Finance Minister to be asked to stay at his post whatever political pressures arise. But almost every other Minister of the Central Government must be deemed for the present to be a bird of no certain abode.

These results cannot be viewed with satisfaction in India. Stability in the sub-continent is of mutual interest to India and Pakistan. There is also no indication that these changes involve friendlier relations with India than Mr. Mohammed Ali, Pakistan's present Prime Minister, was able to provide. Moreover, the greater the political instability in Pakistan, the greater will be the temptation for politicians in Pakistan to inflame passions on Kashmir to distract public opinion from internal differences and fix round a foreign issue, on which it is known all Pakistan is passionately united. The situation is full of dangerous possibilities. It is vital that Indian opinion today should be restrained and particularly cautious in its expression.

One conclusion should at least follow from the uncertainty which the present elections have created. In her present state, Pakistan is in no position to fulfil all her obligations as an instrument in a policy of military containment in the form which both Turkey and the United States were led to expect a month or even a week ago. It follows, therefore, that the military alliances of Pakistan will certainly be weakened in fact, and, to that extent, India has less reason for concern that much military material will be poured into Pakistan. A period of rapid rethinking is certainly decreed on the State Department by these events. The United States has backed the wrong horse before with results which are written in blood across the story of recent Sino-American relations. It is almost certain that a period of pause in the backing given to Mr. Mohammed Ali will now ensue.

These fierce set-backs should not detract from Pakistan's substantial achievements in the economic field. Two of these achievements, which are of the utmost concern to India, deserve to be repeated in the words in which they were described by Mr. Mohammed Ali is his Budget speech. He said: "The year 1953 has a remarkable record of industrial production, with the cotton textile industry in the forefront. The installed capacity of this industry now is 792,898 spindles and 11,911 looms, as against 410,226 spindles and 6,964 looms on 1st January, 1953. In addition, 209,530 spindles and 618 looms are under installation. Textile and yarn production registered an increase of 37 per cent and 163 per cent respectively during 1953 over the previous year. With the installation of the spindles and looms that have already arrived and those on order, the country is expected to attain self-sufficiency in the coarse and medium varieties of cloth in the near future. Looking back to 1949, when Pakistan had no more than 177,418 spindles and 4,824 looms and had to import textiles and yarn exceeding Rs. 50 crores, the rapid development of the cotton textile industry in the last few years is indeed an outstanding achievement.

"Of similar significance is the progress made by the jute industry. Pakistan is now producing more than its full requirements of jute goods which are estimated at about Rs. 4 crores per annum. Our jute goods have already made their debut in foreign markets, where they have had a good reception. During 1954, about 66,000 tons of jute manufactures valued at about Rs. 7 crores are expected to be exported. Of these about half will go to the dollar area. On account of the rapid progress of the jute industry, the target of 6,000 looms fixed earlier for 1957 is now expected to be reached in 1955."

Has the Ministry of Commerce and Industry in India seen the full significance of these two paragraphs? For India, they may well prove to be the most significant paragraphs of a remarkable speech which deserves close study under many other heads.

By Force of Hands

USING his brute majority in the House of the People, the Home Minister succeeded last Saturday in defacing the Statute Book by extending the life of the Press (Objectionable Matter) Act by two more years. For friends of Indian democracy, it was an unhappy occasion. Nowhere did the Government case look good to reason; the opposition parties were, for once, all together. Even a token concession to this opposition might have justified this view that Indian democracy was at least in some small part an exercise in persuasion. But on this occasion bad argument was attended by bad public relations. The Press has been angered; the opposition has been humiliated; the public everywhere has been given a deplorable exhibition of the use of the party whip to compel Congress legislators to conform to the will of one man. As far as can be ascertained, only the Home Minister was keen on rushing this measure on the Statute Book. Everyone else was quite prepared to leave legislation until the Press Commission had reported later in the year.

It is difficult to explain why Home Ministers of the Government of India are so readily stampeded into preventive measures and restrictive practices. Men with the powerful and liberal traditions of the law that Rajaji and Dr. Katju himself have had suffer a curious change of countenance when they become protagonists of the Home Ministry in the restriction of civil liberties which, as legal practitioners, they have spent their whole lives in upholding. When Rajaji was putting through the Amendment to the Constitution in 1951 and then the Press Act, many of his friends in the Press as well as outside were unable to recognise the stalwart friend of the Press which they had known him previously to be. It was fortunately only a temporary eclipse in his case. As Chief Minister of Madras, Rajaji has shown that the Press (Objectionable Matter) Act is not necessary for the executive; he has consistently declined to use it. And there is thus prima facie evidence that, when he was pressing for restrictive legislation as Home Minister, he had only become a cog in a machine which has not changed its character merely because the representatives of the people have stepped into places formerly made for members of the old steel frame.

The point that the ordinary law of the land is now sufficient for Rajaji while it is not sufficient for Dr. Katju is significant. Great confusion was created in this debate by the alternative presented by the Home Minister in a jesting sentence—"I make a fair offer; do you want to be prosecuted under the ordinary law or do you want to take this lenient law?" Everyone knows the Press has already exercised its choice; it wants the ordinary law. But, apart from this, the choice presented is dishonest. With this special law, it is not a question of either/or but both. Since the ordinary law is not repealed, the Press has an additional disability. To present the case as an alternative was typical of the arguments which the Home Minister chose to employ.

It may be that the Home Minister is perfectly genuine in his belief that the present Act will be used and the ordinary law will not be used at the same time. So far as the Government of India is concerned, it may even be fairly believed that the Home Ministry will be guided by his assurance. But there is no means by which the State Governments can be prevented from exercising their own choices in the matter. It is at last certain that in one State of India there will be no Congress Government; there may be a government which owes no allegiance to the Home Ministry. If such a government chooses the ordinary law in addition to the Press Act, would Dr. K. N. Katju's "fair" offer not look a very different thing? Why should a friend of freedom deliberately create new weapons capable of use in totalitarian hands?

The truth seems to be, as always with the Home Ministry, that it is concerned entirely with present inconvenience and almost not at all with future dangers. Nobody need deny that a portion of the Indian Press is irresponsible; one wonders, however, whether it is more irresponsible or indecent than some organs of public opinion in other free countries, notably the United Kingdom or the United States. Why do other democratic countries consider that special Press laws are not worth the injury which they cause in respect of public opinion and the sense of unfairness they raise in the mind of Pressmen who feel that they are being discriminated against? Obviously because for all reasonable purposes the ordinary law works. That law is no different from our own. Why is it that the ordinary law can be made to work in other countries while special laws are needed in our own? The Home Minister is equally responsible for the administration of both. If his apparatus for enforcement is not good enough, surely he should put that apparatus right instead of calling in a fresh instrument merely to patch up a larger weakness. So far as the Press is concerned, it is doubtful if patchwork will serve; but how can it help on other matters? Or are we to have a series of special laws when, for any particular set of offences, the ordinary law takes its own leisurely course?

The case against any special legislation for the Press, argued more than two years ago, has not lost its force in the light of the working of the Act. The law has been cumbrous and unpopular without being effective in achieving its real objects. The expiry of the Act in the natural course provided an opportunity to Government to retreat with grace from the position taken in 1951. That has not been seized, and there has also been a breach of faith involved in the Government's readiness to extend the life of the Act in a routine manner first through Ordinance and then through its party majority. The assurance of the Act's limited tenure has thus been treated too lightly to create faith in assurances for the future. The Home Minister has now gone further beyond the scope of the original legislation. The powers of the jury, which were deliberately left wider than those of ordinary juries in criminal trials, have been levelled down. Still worse, the Home Minister has added a provision without precedent for the Government's appealing against acquittals, in what is essentially a preventive law. It only proves that legislation on our liberties errs only in the direction of enhancing the power of the State, regardless of principles involved.

The issue at the present time is not whether the Press deserves this Act or whether it does not. The issue is whether democracy in India can grow when the only solution which representatives of the people seem to have for any problem is the taking of additional powers to themselves so as to restrict the liberties of the people whom they represent. The Communists call their method of administration "People's Democracy"; in democratic countries the term is rightly ridiculed. It is known that People's Democracy may well be the will of one man. The issue raised by this Press Act is whether India which is a Democracy of the Indian people and not a People's Democracy will choose to function in similar terms. The attitude of mind shown by the Home Minister in this debate unhappily provides little evidence that a party majority will never be used in India as a party minority is always used in totalitarian countries. Has the Home Minister's Pyrrhic victory been worth this decline in Parliament's prestige as a custodian of the liberties of the Indian people?

Capital Return and Development

MR. LESLIE MARTIN'S recent speech on the problems which face the Indian Iron and Steel Company covered naturally a number of questions, including in particular the labour situation in the eastern coal and iron belt. The company has just emerged from a very difficult situation which provided some anxious moments for the management, and has resulted in a loss of income of more than two and a half crores of rupees; and it would be wrong, therefore, to create the impression that labour productivity is not the most important of the company's problems. Mr. Leslie Martin, however, mentioned in his speech also the issue of a fair retention price from the 1st January, 1953, for the steel produced by the Indian Iron and Steel Company; and this point in view of the Tariff Commission's reports on the iron and steel and the cement industries, is now a hardy annual, which is bound to recur in company chairmen's speeches. This question of the fair return raises an issue of principle, which is whether a developing industry can at all be restrained in this manner.

The steel industry has been particularly unfortunate. A recent study by the Association of Indian Trade and Industry of its finances shows that the industry has been overtaxed to the extent of about Rs. 25 crores, because capital has not been replaced as rapidly as it has been worn out, and instead has been dressed up as profits to the extent of about Rs. 50 crores. This is no peculiar misfortune of the steel industry, perhaps. Other industries have been unable to finance depreciation from out of current earnings, and have suffered equally. But in view of the steel industry's importance and also its need for development, its financial position is striking, and this is all the more so, because the profit which the industry is allowed to make, out of which some more addition to the reserves might be made, is restricted by the fixation of a ceiling for profits of eight per cent on the gross block.

On the narrow issue of whether this return is to be eight or ten per cent, the industry's view very naturally is that after allowance has been made for taxation, for the payment of a bonus to labour, and for managing agents' commission, what is left of the eight per cent is very negligible. The ad hoc study which has already been referred to indicates that the balance was highest in 1948. But even so, it was only three per cent in that year. There is more than a fair presumption nowadays that the permissible return will have to be raised, raising in consequence the disposable profits. This need not be a general decision. But it must certainly apply to basic industries which broadly serve the national interest. The Government of India's reluctance to admit the force of this argument is, indeed, somewhat irrational. It is not as if an extra charge to the consumer, which it is so obviously the aim of the Government of India to avoid, is in fact avoided at the present time. On the other hand, steel prices have constantly had to be revised in practice in the recent past. The ground on which these revisions have been made is that extra funds for development are needed; and since the Government of India has been driven to make up its mind to get these extra funds by allowing extra depreciation, it has practically conceded in principle the steel and cement industries' case. There is very little to choose between raising the permissible rate of return and, therefore, the retention price as well as the consumers' selling price at one or two removes and raising the retention price as now, because of the decision to allow extra depreciation. Either method of raising the retention price is good. If the industry's need for development is great and is admitted to be so, sooner or later this extra margin must be created. The steel and cement industries are simply pointing out that it is easier and more straightforward to increase permissible return, which would also leave industry relatively unfettered.

In the longer-term perspective, the restriction of the industry's profits may also be shortsighted. Surplus labour is admittedly one of the burdens which the industry has now to carry; and the only hope that this labour can be absorbed at some time in the future is that the expansion programmes of T.I.S.C.O. and the I.I.S.C.O. will be rapidly implemented. In other words, if the revenue which is available to the iron and seel companies for expanding the production base is increased at the present time, it may be possible, once the more urgently needed development programmes have been completed, to review the price structure and to bring it down ultimately in the interests of the consumer.

This is a statement which can safely be made. There does not appear to be much room for the fear, if indeed it exists at all, that if there is a increase in the revenue which accrues to the industry, such an increase will be frittered away in dividends, instead of being available for modernisation and expansion. It would always be open to the Government of India to lay down appropriate conditions. But independently of any such conditions, the dividend on the common share cannot be unreasonable in the future, especially now that the Deferred conversion scheme has gone through. The equity shareholder can be expected to refrain from pressing for immediate gains, in order to build up his industry. From 1937 to 1951, the dividends expressed as a percentage of the net profits have declined in the iron and steel industry from 71.3 to 30.6 per cent—a record which should prove that if a fair return is pressed for today, it is not because the shareholder wants to add to his income, but because the managements, which are charged with the duty of increasing their assets, find that this is the only means of locating finance which is available to them.

As it is, the iron and steel industry has been placed in the anamolous position of having to find finance, but of being prevented at the same time from raising the money by charging what, in relation to costs, will be an economic price. In these circumstances, there has been prima facie justification for the industry's complaint that it is forced to borrow from the equalisation fund sums, which it is compelled to contribute to that fund, because of unilateral Government decisions. Nor can the suspicion be avoided that solicitude for the consumer, more often than not, is an argument that works only against the interests of the producers; this argument can be quite lightly regarded, whenever the Government of India finds this convenient. For example, when the prices of steel from the equalisation fund have to be raised or an excise duty on cement has to be levied this has proved to be relatively easy.

The only alternative to conceding the strong case of the steel companies is the recognition that corporate finance must develop the industry with promptitude. This means there should be no long drawn-out debates as to how much (or how little) can be given. The Government must throw itself enthusiastically into the provision of finance. If it does so, the companies' case loses much of its force. At the present time, price considerations should weigh against higher retention prices which will go to raise selling prices. Again, in the stock markets, Tatas and Indian Irons lead speculative fever more than is good. There is a good case which has been previously argued in 'The Eastern Economist' for holding back; but the condition of this is that expansion should not be delayed. Nobody can say that this condition has been fulfilled over the last six years. Perhaps the future will be different from the past.

THE WEEK'S NOTES

THE TRAVANCORE-COCHIN CHESSBOARD

With the formation of a Praja-Socialist Ministry in Travancore-Cochin by Mr. Pattom Thanu Pillai, an intriguing political problem has been solved for the present. Mr. Thanu Pillai has taken office in a much more chastened frame of mind than what he revealed in his earlier attitudes. He has acknowledged the limitations arising out of his minority Ministry and his old ally, the U.F.L., has declared its intention to remain in the Opposition. There is, therefore, no doubt as to the direction from which he expects support though it might hurt his prestige to seek it directly. Mr. Asoka Mehta struck the right note when he emphasised that the Ministry was intended as a healing influence in the State. If the P.S.P. works in that spirit, it should not fail to secure the support of all the democratic parties in the State.

The Praja-Socialist party could very well have congratulated itself on the enviable role it had acquired in Travancore-Cochin, had it not been for the cruel dilemma with which it has been faced ever since. Having polled 16 per cent of the votes and secured only 16 per cent of the seats in the Legislature, it was clear that its importance lay in its choice of the side on which it would seek to throw its weight to maintain political balance. Once faced with the responsibility for a political decision, the conflicting pulls within the party have exposed the party's weakness to the public. The National Executive was not of one mind and its hold on the State party organisation has been as tenuous as it had been in other States. The State party had been more extravagant in its pre-electoral commitments to the United Front of Leftists than what the National Executive would have liked. Correspondingly, the State P.S.P. became much more conscious of its obligation to the Communists and the U.F.L. for the electoral alliance than the National Executive which sought to write on a clean slate.

The National Executive's final verdict at Madras against any coalition was essentially a veto on the State P.S.P.'s readiness to consider a coalition with the U.F.L. The P.S.P.'s uncompromising opposition to the Congress ruled out the only other possible coalition. Logically, therefore, the P.S.P. National Executive was driven to make a virtue of its necessity to remain in isolation by claiming extraordinary significance for its running a ministry by itself. It could expect tacit Congress support. There would even be the possibility of the P.S.P. adding to its political importance by playing off the Right against the Left. But these clever calculations of benefits have not deceived the Communists who have now withdrawn their support to the P.S.P. leader, Mr. Thanu Pillai.

This confusion of purposes in the opposition camp should suit the Congress for the present. It has retrieved temporarily some of the ignominy of the electoral defeat. The Congress may even consider it helpful if the P.S.P. should occupy the saddle of administration, enjoying its indirect support, with the limitations on ministerial freedom which it would inevitably entail. Such support would be the price which the Congress has to pay for losing its natural ally—the T.T.N.C.—on a relatively minor issue. By tolerating a P.S.P. ministry, the Congress avoids also the odium of forcing Presidential rule. In none of these manoeuvres need the P.S.P. seek to persuade itself or others that it is morally superior to the rest. It has the largest share of the confusion over ends and means and there is no point in claiming that its minority administration is the apotheosis of the democratic principle even if it is healing.

FUTURE OF PROHIBITION

The Andhra Government has of its own accord added one more to its political problems by hastening to determine the future of its prohibition policy. There is undoubtedly a wide measure of agreement among Andhra politicians about repeal of prohibition primarily for the purpose of filling the budgetary gap. The case for the repeal has been reinforced by the failure of the administration to enforce prohibition effectively —a failure which is not confined to Andhra alone. Such failure has not merely been negative in its effects. There is positive harm in the spread of the habit of lawbreaking on a wide scale, the social consequences of which may be greater than an increase of drunkenness. But the manner in which the Andhra Government set about its retreat on prohibition was rather clumsy. Though a committee of distinguished persons, headed by a judge, was deputed to conduct an inquiry, the inquiry has been too hurried and the report was based far too much on random samples to be able to convince the minority of idealists and social reformers of its objectivity. For the Congress party and its local leadership, it is a bitter pill to swallow.

The matter has been complicated by Swami Sitaram's resolve "to fast unto death" on this issue. Those who have exploited the Swamiji's earlier fasts for the achievement of Andhra State will find it hard to ignore him on this occasion. There would also perhaps be a sufficiently strong measure of public opinion within and outside the State to the effect that a change should not involve full freedom in liquor shops, but that temperance measures should also be put into effect simultaneously, at least to shield the consumers of indigenous liquor from excesses. The constitutional point has also been raised whether the directive principle of State policy would require that there should be no complete retreat from the advance—however nominal it be—that has been already made. Meanwhile, the debate in Andhra has had its echoes in Madras, where the situation is not substantially different, except that Rajaji will be unrelenting in the pursuit of prohibition, regardless of its consequences.

STERILIZED FARE FOR A.I.R.

The deliberations of the Central Programme Advisory Committee of the All India Radio covered a wide range of subjects. There was a commendable desire to expand in all directions in order to cater to rural areas, universities and schools and popularise Hindi and Sanskrit. The Press communique announcing the decisions on these subjects hardly bears any trace of attention having been paid to listeners' views of A.I.R. broadcasts or any desire to make concessions to their views or tastes. The tendency to regard the Committee's broad conclusions, as interpreted by the broadcasting department's officials in their determination of particular programmes, as good enough for the listener is hardening. The only privilege that remains to the listener is the option to switch off.

If Dr. Keskar had been earnest in his desire that the A.I.R. should be for the rural population what the newspaper, stage and screen are for the townsmen, he certainly could not have overlooked the deficiencies which make the A.I.R. unsuited to fill the role. The newspapers do not merely echo the official views in the manner in which broadcast talks sponsored by the A.I.R. are expected to propagate them. The sterilized fare of amusement radiated over the air can be no match for the wit in dialogue or pep in the light music which can be found today in the folk art of each region. The chances are that the official conceptions of projecting national ideals and international happenings in high-flown language would gradually end in ceasing to entertain or instruct.

Except in the South, there has been no advance in the spread of community listening facilities in the rural areas. Even when that is achieved, it would take a

considerable time to create listening habits and not the least of the things needed is the dissemination of ideas in the idiom and dialect peculiar to each region and sub-region. All these considerations would not fit into the scheme of compelling uniformity which appeals to a politician in a hurry. There can be no assurance that the objectives will be pursued in the right way so long as there is unchecked departmentalism in broadcasting.

ELECTIONEERING IN MOSCOW

Various statements emanating from Moscow have captured headlines in the Indian Press during the last few days. Prime Minister Georgi Malenkov's reference to India's contribution to the strengthening of world peace was naturally the most outstanding. But election time in Moscow has called forth other declarations, though with only one candidate in each constituency to represent the Communist and non-party groups, such electioneering ritual sounds odd. Marshal Bulganin, the Russian Defence Minister, was candid and forthright. After recounting the achievements of Soviet heavy industry and the strength of the armed forces, he declared that the Soviet Union would not take any chances about the purposes of Western rearmament or the humanitarian qualities of Western governments. He should have known that Western opinion is equally disinclined to take any chances about Soviet intentions. The claim about Soviet contribution to peace, in such circumstances, was inconsistent anyhow and Marshal Bulganin is reported to have clearly expressed the view that in view of the danger of a third world war, Russia must push ahead with her defences. He also emphasised that the monolithic unity of the Party, the people of the multi-national State, the Communist doctrine and the link with Communist China provided great strength.

M. Nikita Krushchev—now ranked as third in the Soviet hierarchy—broke the Soviet tradition in statistics by giving absolute figures of production, instead of the percentage figures which have succeeded so far in keeping the world guessing about the Russian economy. Coal production, in 1953, he said, was 320 million tons; oil 52 million tons and electric power 33,000 million k.w.h. This supports M. Bulganin's claim about Soviet heavy industry and his confession that housing continued to be Russia's most acute problem. Red tape and bureaucracy have been the familiar scapegoats for failures but Marshal Voroshilov imparted some variety on this occasion by saying that among Communists there were men who could make good speeches but could not take charge of an enterprise and who were not in a hurry to learn how to do the job.

It was Mr. Molotov who attempted to use his electioneering to some purpose. His invitation to the West to give further consideration to his plan for collective security was coupled with an offer to make concessions on points which the Western Powers find objectionable. His admission that there is less international tension today than a year ago—confirmed by M. Malenkov later—has also been heartening, but it does not square with Marshal Bulganin's exhortation for preparations for the third world war.

KENYA—A MODICUM OF MULTI-RACIALISM

If the proposals for constitutional changes in Kenya now announced by Mr. Lyttelton had been put forward as the best possible, it would be worth while subjecting them to scrutiny with a view to liberalising the changes. But these changes have been prefaced by the remark that agreement was being sought on the "lowest common factor". Wherever these proposals have been welcomed, they have been viewed only as a beginning and approved on the view that any beginning is better than none. The new Council of Ministers will include, besides the Governor and the Deputy Governor, six official members, six unofficial members, and two nominated members. Of the unofficial members, three will be drawn from European elected members, two will be Asians and one an African. This is the basis for calling this an experiment in multi-racial government and even though its declared object is to make the present emergency a "national" instead of a racial or an official one, there have been such vehement protests from the European settlers against this departure that Mr. Blundell has almost been forced to stake his popularity in advocating the changes.

The Asian group is said to have pledged support to these proposals, even though the distinction between Muslim and Hindu and the insignificant role given to the African should have been powerful reasons for not compromising with the scheme. Mr. Lyttelton's offer of one post of Minister to an African was a token of continuing trust and the offer of two under-secretaries posts was intended as a gesture signifying the desire to give the African administrative experience inside the Government. The question is whether the offer, for what it is worth, is suited at this juncture to conciliate the African or whether African rejection of this offer would harden opinion against the administration. Most of the Africans who could have been chosen for filling the posts now created have been victims of Mau Mau brutality, Mr. Lyttelton is determined to seek some way out of the African refusal to accept the scheme by the nomination of an African to the Council in order to establish its multi-racial character. But by rejecting the very modest demand for two ministerial posts for Africans—which the six African members of the Legislative Council demanded—he has lost an opportunity to placate African opinion.

NO LICENCE FOR LIBEL

The litigious spirit is not less strong in India than in the Western countries but there is one sphere in which it has been decidedly weaker. Actions for libel have been rare here, but not because the occasions were fewer. The prospect of fighting a libel suit under the existing law deters all but the most intrepid, which explains why the few exceptional cases make headline news. This general weakness of will to challenge libels has been responsible for the immunity enjoyed by irresponsible writings in the Press and the encouragement they have offered to those who would have little hesitation in exploiting it to discredit their critics and enemies. It is not special legislation but a zealous desire to vindicate one's reputation against defamatory writings that can help to check this cancerous growth and protect the individual.

The "Hindustan Times" libel suit in the Bombay High Court is of importance in this context. The claim for damages has been successful and though punitive damages were not awarded, there has been a finding to the effect that the defendants had transgressed all the bounds of decent and legitimate criticism and were "motivated by malice". This judicial verdict should help to discourage scurrilous writings on the one hand and, on the other, encourage persons who are wronged to be bolder in seeking redress before the Courts.

Apart from the ordinary difficulties caused by the expense and delay involved in prosecuting actions for libel, there is an uncertainty about the law as it has hitherto evolved. The British law had developed too much on the restrictive side and was liberalised only last year. The difficulty arises in proving when a public purpose is not involved and when scurrilous criticism is not protected by the doctrine of qualified privilege.

WORLDGRAM

AGRICULTURE

Indo-U.S. Co-operative Project to Reclaim 800,000 Acres of Arid Land: Nearly eight lakh acres of land in P.E.P.S.U., Punjab, U.P. and Bihar States will be brought under irrigation in the next 21 months—using water from 2,650 new tube-wells being drilled under the Indian Government's tubewell programme. It is estimated that 160,000 tons of additional food grains will be produced every year. The Indian Government's ground water irrigation programme—$21,500,000 (Rs. 10,27,70,000) in U.S. Aid and an additional Indian contribution of Rs. 9,15,00,000—is the largest tubewell project in the world. A project to drill 350 exploratory wells in 16 States all over India will cost an additional $4,500,000 (Rs. 21.51 million and Rs. 12.00 million).

TRADE

Iraq Jute Mission to Visit Pakistan: A three-man delegation from Iraq is expected to visit Pakistan shortly to negotiate purchase of raw jute. Pakistan, the principal supplier of raw jute, is in a position to cater for jute requirements from Iraq which is to the tune of 5,000 tons every year. The delegation is also expected to cover industries such as paper and textiles.

* * * * * * *

Australian Half-Yearly Wool Sales Statistics: An increase is shown in the number of bales of wool sold in Australia during the six months ended December 31, 1953. Sales were 1,895,983 lbs. in comparison with 1,784,729 lbs. during the corresponding months of 1952. The total proceeds were £A200,816,943 in the six months ended December 1953, compared with £A180,434,870 for the last six months of 1952. Total Australian greasy wool production in 1953-54 is forecast at 1,260 million lbs. comprising 1,150 million lbs. of shorn wool (including crutchings), 48 million lbs. of dead and fell-mongered wool, and 62 million lbs. of wool exported on skins.

* * * * * * *

Number of U.S. Business Reaches Record High of 4.2 Million: According to the U.S. Commerce Department the number of operating businesses in the United States in mid-1953 reached a record of 4,212,400. It reported that the bulk of all U.S. businesses is small—three-fourths have fewer than four employees while less than 2 per cent of all businesses employ 50 or more workers. Retail trade has 45 per cent of the total, service industries 18 per cent. Firms engaged in contract construction totalled 10 per cent of the total; finance, insurance, and real estate 8 per cent; manufacturing 8 per cent; wholesale trade 7 per cent; transportation, communication and other public utilities 4 per cent; and mining and quarrying less than 1 per cent.

* * * * * * *

Japanese Trade Fair: Indian business houses will be represented at the Japan International Trade Fair to be held in Osaka from April 10 to April 23, 1954. The Japan International Trade Fair Commission are sponsoring the Fair. The exhibits will include Textiles, Machinery, and Raw Materials, these will be allowed duty-free in bond for one year, duties and taxes being payable in case of sale or disposal otherwise. About 15 countries have offered to open booths in the Fair; these include Switzerland, West Germany, United States, Great Britain, Italy, Denmark, France Netherlands, Canada, Australia and India.

* * * * * * *

Exports to Iron Curtain Countries: Britain is reported to be asking the United States to examine detailed proposals for easing the ban on 'strategic' exports to 'iron curtain' countries. After preliminary consultations with the United States, the British proposals will be laid before the group of countries who co-operate in enforcing the controls. Under the United States Battle Act, American aid must be withdrawn from any receiving country involved in trade in strategic goods with an 'iron curtain' country, unless this trade be in the interest of the United States. The discussions in Paris will take place before the end of the month. Other countries represented in the group besides Britain are: the United States, Canada, the Netherlands, Japan, Belgium, Luxembourg, France, Italy, Denmark, Portugal, West Germany, Norway, Greece and Turkey.

* * * * * * *

U.S.A. Not to Sign World Tin Pact: United States will not sign the international agreement drawn up by the 30-nation United Nations Tin Conference at Geneva in December last, according to the State Department. The announcement added the United States Government would hold its excess tin supplies of the market and would not object if other countries decided to bring the agreement into force. The United States is the world's largest consumer.

* * * * * * *

Egypt Signs Barter Pact With Russia: Egypt, Russia and Rumania recently signed a three million Egyptian (£3,090,000) cotton-for-petroleum barter agreement. Russia and Rumania will supply Egypt with 350,000 tons of petroleum products at prices 16 per cent below those on the world market. They will use the proceeds to buy Egyptian cotton on the free market.

* * * * * * *

Import Duty on Raw Pearls Abolished: The Government of India have decided to abolish the import duty on raw pearls (other than cultured) with immediate effect. A press note states it has been represented to Government that, with the levy of duty of 20 per cent ad valorem last year, the artisans skilled in the special processes of drilling, bleaching and polishing raw pearls are suffering for lack of adequate raw material and also facing difficulties in the export markets. Being in the nature of a cottage industry, processing in bond or export under claim for drawback is not easy. Taking all the factors into consideration, Government have, therefore, decided to remit the duty.

INDUSTRY

U.N. Seminar on State Owned Industry: Delegates from India, Ceylon, Pakistan and 12 more countries are meeting in Rangoon, Burma, from March 15 to 30 to attend the U.N. Seminar on organization and administration of public enterprises in the industrial field. At the Seminar, the first of its kind anywhere in the world, many practical problems experienced by Asian Governments in planning and running State owned industries will be considered by experts.

* * * * * * *

Oilmen's Orders Brought Britain £67 Million in 1953: British firms received orders for oil equipment and materials valued at £67 million during 1953, according to figures released by the Council of British Manufacturers of Petroleum Equipment. This total covers a very wide range of equipment, supplied by all types of firms. The principal categories included drilling and production equipment (£7,980,000), tubulars, pipe-fittings and valves (£7,880,000), drums, drumsheets and tin plate (£5,470,000), tools, miscellaneous machinery and stores (£5,280,000), and automotive equipment (£4,990,000). One welcome feature of the latest figures is that the total for the final quarter of 1953—£15,610,000—shows an appreciable rise over the value of orders placed during the third quarter of the year, which amounted to £14,920,000.

More Electric Power in Scottish Highlands: During 1953 the North of Scotland Hydro-electric Board connected over 20,000 new consumers to the mains; operated 17 hydro-electric stations, large and small, and was building 14 more; drove 18 miles of tunnels; was building 17 dams, and placed contracts for five more. These facts are revealed in the Board's annual report for 1953. Capital expenditure during the year amounted to £15,800,000, and the Board's total capital expenditure to the end of 1953 was £98,600,000, including £63,200,000 for hydro-electric schemes. So far, £22,100,000 has been spent on distribution, £8,200,000 on transmission lines, and £3,700,000 on Diesel and power stations. Average estimated output of the North of Scotland's hydro-electric schemes being developed or already in operation totals 3,307 million units.

* * * * * * *

Commercial Transport Plane Construction in U.K.: Since the end of the war, the British aircraft industry has built some 1,000 commercial transport planes—a production average of about 120 a year—including large jet airliners, flying-boats, freighters and piston-engined feeder-liners seating about a dozen passengers. This compares favourably with the production of commercial transports in other countries. A high proportion of production capacity has been devoted to smaller transport planes, most of them being piston-engined aircraft. Of the 130 commercial transports expected to be produced in 1954, almost half will be gas-turbine airliners; Comets, Viscounts and Britannias. Production of the newer four-piston-engined Heron feeder-liner will also expand. Estimated value of airliners to be produced in 1954 is £24,000,000, a major part of it in export orders.

* * * * * * *

P.E.P.S.U.'s Rs. 22-lakh Plan For Handloom Industry: The P.E.P.S.U. Government are considering schemes valued at more than Rs. 22 lakhs to enable the handloom industry in the State to tide over the slump period. Some of the schemes have been forwarded to the Government of India for necessary assistance. The schemes include the setting up of ten cotton spinning and weaving centres, the establishing of a finishing plant at Malerkotla and a research institute and quality marketing organisation. The Government have also drawn up plans, among others, for setting up a wool spinning centre.

* * * * * * *

Glass-potential Sand Found in Rajasthan: Sand suitable for glass industry to the tune of about three million tons is available near Kundi in the Kotah district of Rajasthan. Detailed investigation by the Geological Survey of India was carried out by putting a number of trial pits. The yield of clay from the sand is between 50 and 75 per cent on an average. The silica content of washed sand is 93.39 per cent. The total deposits are estimated at 5.3 million tons and allowing for about 40 per cent as loss due to washing and screening, the reserve and sand suitable for glass industry works out to three million tons.

* * * * * * *

Manufacture of Raw Cinematograph Films: The Government of India are reported to be contemplating the establishment of a factory for manufacturing raw cinematograph films. India has no factory producing raw films. Negotiations are at present in progress with technical experts abroad about the possibility of production of raw films in India and the setting up of a factory here for the purpose.

* * * * * * *

Aluminium Plant at Muri: The State Industries Minister, told the Bihar Assembly that the Government of India proposed to locate the Rs. 39-crore plant for the production of aluminium metal at Hirakud. The State Government have impressed upon the Central Government through a memorandum, the advisability of setting up the aluminium plant in Bihar at Muri (Singhbhum). The Central Government had appointed an expert committee to go into the question of location of the plant and it is reported to have expressed its preference for Hirakud to the site in Bihar.

* * * * * * *

Government Control of Tea Industry: The Tea Act, which was passed by Parliament in May last, is expected to come into operation by April. A new Tea Board will be constituted and its personnel announced shortly. The Act provides for the control by the Government of the tea industry in the country, including control in pursuance of the International Tea Agreement now in force. It empowers the Tea Board to control tea cultivation in, and its export from India. The Board will consist of a Chairman and a Vice-Chairman and 40 members who will include representatives of owners of tea estates, workers, manufacturers, dealers including both exporters and internal traders, consumers, Parliament and the Governments of principal tea-growing States.

MISCELLANEOUS

Caltex Sends Out Executive For Training: Mr. V. P. Sethi, Sales Supervisor of the Bombay District Office of Caltex (India) Limited, left Bombay on March 5, 1954, for the United States of American by T.W.A. on a training trip. Mr. Sethi's training trip to the United States of America forms part of Caltex's programme to fit Indian members of the Caltex organisation for increasingly more responsible positions with this company. Mr. Sethi joined Caltex on March 25, 1946.

* * * * * * *

World Child Welfare Congress: The World Child Welfare Congress will be held in Yugoslavia from August 30 to September 4, 1954. The Congress is organised by the International Union for Child Welfare. The arrangements for the Congress are being undertaken by the National Council of Child Welfare Associations in Yugoslavia. The I.U.C.W. was constituted in 1946. The organisation is based upon the Charter Declaration of the Rights of the Child proclaimed at Geneva in 1948. The six-day session will include in its agenda discussion on "Social policy and child welfare in Yugoslavia", "The importance of the home environment for the physical and mental development of the child", "The functions and responsibility of the community towards the family", and "Family relationship in exceptional circumstances".

* * * * * * *

More U.N.I.C.E.F. Aid for India: The Executive Board of the United Nations Children's Fund (U.N.I.C.E.F.) recently allocated $4,139,500 for child health and welfare work in Asia, Africa, the Eastern Mediterranean region, Latin America and Europe. The new allocations to national programmes show major emphasis on providing milk processing plants, improving maternal and child welfare services and combating malaria and typhus. The allocations include $465,000 to India, $98,000 to the Philipppines. $350,000 for malaria control in Iran; $6,000 for malaria control in Lebanon and $56,000 for a Syrian malaria control programme. Generally, U.N.I.C.E.F.'s contributions go for equipment, materials or drugs which the requesting country cannot readily obtain.

NEWS IN BRIEF

INDIAN

The Government of India have decided to reduce land tractorization charges from Rs. 60 to Rs. 55 per acre, and charges for jungle clearing operations by tractors from Rs. 65 to Rs. 55 per hour, according to the chairman of the Central Tractor Organisation. The reclamation target of the C.T.O. from January-June has been fixed at 298,000 acres.

* * * * * * *

The Deputy Communications Minister recently announced that the system of withdrawal from post office savings bank accounts by cheques was proposed to be introduced as an experimental measure at the Bombay G.P.O. Certain head post offices in the Bombay Circle would also be included in the experimental scheme.

* * * * * * *

The Indian Tea Licensing Committee recently announced that arrangements were being made for the release of the first instalment of export quota for 1954-55 to the tea estates during the first week of April. The first instalment is to the extent of 105 per cent of India's standard export figure which amounts to 348,246,170 lbs.

* * * * * * *

The contributory health scheme, started by the Health Ministry to provide better and prompt medical facilities to all civil servants of the Union Government, has been earmarked a sum of Rs. 14,15,000 for implementation during this year. Preliminaries regarding recruitment of the necessary staff and procurement of accommodation and medicines are being worked out by the Ministry.

* * * * * * *

Shri L. M. Shrikant, Commissioner for Scheduled Castes and Scheduled Tribes, has been nominated member of the I.L.O. Committee of Experts on Indigenous Labour, meeting at Geneva from March 15 to March 26. The Committee will discuss the living and working conditions of indigenous populations and the groups which should be considered as making up these populations.

* * * * * * *

The amount spent on the Community Projects in the Punjab from the date of their inauguration up to December 31, 1953, was Rs. 24,54,665. This was exclusive of the expenditure on Naraingarh, Taran Taran and Kulu Blocks, figures in respect of which are not yet available.

* * * * * * *

The total amount sanctioned by the U.S. Government to the Indo-American Co-operation Fund for importing equipment required for the Community Projects in India was $10,596,000. Equipment received on order and from abroad, included transport, construction, supply and demonstration equipment for irrigation and reclamation of waste lands, road building, animal husbandry, dispensaries and health units.

* * * * * * *

The Government of India have set up a Development Council for the sugar industry, including representatives of State Governments, the Central Sugar Cane Committee, the sugar trade, labour engaged in the industry, sugar consumers and technologists, to advise the Government on problems of development of the industry.

* * * * * * *

Indian tea exports to the U.S.A. have increased from 35.8 million lbs. in 1952 to 37.5 million lbs. in 1953. The work of the Joint Tea Promotion Council is mainly responsible for this increase. India is to increase her contribution to the Council from £450,000 in 1953 to £475,000 in 1954.

FOREIGN

Mr. L. S. Harrison, former Chairman of the New South Wales Wheat Committee, is expected in India to assist and advise the Government of India in the preparation of a grain storage programme and to draw up plans to avoid loss in storage. His visit is being sponsored by the U.N.-Food and Agriculture Organisation. This corrects the news item appearing on page 435, column 2, item 3 in 'The Eastern Economist' of March 12, 1954.

* * * * * * * *

Motor cars registered in Britain totalled 295,073 in 1953—107,457 more than in 1952. The number of motor cycles was 141,066 in 1953 as against 135,125 during 1952. Agricultural tractors totalled 33,481 (32,565) and goods vehicles 97,580 (82,150).

* * * * * * *

The Rubber Institute of Malaya has stressed the need for increased expenditure on research in rubber. Such research is stressed in view of the technological developments in the synthetic rubber industry. Natural rubber research expenditure is one Malayan cent as against seven cents spent by the synthetic rubber industry.

* * * * * * *

The Greek Government has announced the proposed flotation of a domestic loan for 300,000 million drachmas (about £3.75 million). The Loan is to be based on a dollar clause and the value in dollars is to be inscribed on each bond, and is to be repayable within seven years at yearly drawings at 5 per cent interest.

* * * * * * *

The Council of the O.E.E.C. has decided that any E.P.U. surplus which West Germany might incur during the accounting period February-April, will be settled by payment of gold or dollars from E.P.U. to Germany for 50 per cent, and by Germany granting credit to E.P.U. for the other half.

* * * * * * *

The Israel Fuel Corporation recently signed a contract to buy 100,000 tons of Russian crude oil, to be delivered to Haifa from Black Sea Ports. The Soviet Union purposes to use the sale proceeds towards the payment for 200,000 tons of oranges purchased from Israel.

* * * * * * *

The French Ministry of Finance proposes to repay two dollar loans contracted during 1950 and 1953, at an early date in order to reduce servicing. A $50 million annuity is to be paid in April, four months early, on a loan of $200 million. Of the $100 million emergency loan by the Import-Export Bank in respect of "off-shore" contracts ($40 million paid earlier) the remaining $60 million is now to be reimbursed.

* * * * * * *

According to one sources, Italy has become the greatest wheat-producing country in Europe excluding Russia. The 1953 harvest amounted to a record total of 90.4 quintals (approximately 9 million tons), which is one-fifth (excluding Russian) of Europe's output.

* * * * * * *

The Guatemala Minister of Finance recently signed a decree lifting the 100 per cent import taxes on certain merchandise from Spain, Finland and Venezuela as a result of the unfavourable trade balance with these countries.

* * * * * * *

The Second International Conference of Manufacturers to be held in Paris on May 23-25, 1954, will be attended by West European industrial leaders, and 150 U.S. delegates. The Conference is expected to discuss "Economic and Social Conditions for the Development of Free Enterprise".

FINISH WITH FALSE ECONOMY...

It is false economy to use cheap finishing materials. TRUE ECONOMY lies in using good quality finishes and using them correctly. A good finish will



sell your products faster



make them last longer



protect them during use



bring you repeated orders

I. C. I. (India) Ltd. offer free technical advice on the correct use of

'DUCO' 'DULUX' 'NECOL'

Supreme ICI Paints

NOW MADE IN INDIA

by

THE ALKALI & CHEMICAL CORPORATION OF INDIA LTD.

Sole Selling Agents :

IMPERIAL CHEMICAL INDUSTRIES (INDIA) LTD.

Calcutta Bombay Madras Kanpur New Delhi Ahmedabad Amritsar Bangalore Cochin

Available from I.C.I. appointed stockists and dealers everywhere.

IX-G 369

A Window On The World

THE BEST DIALOGUES SINCE PLATO

By

ODYSSEUS

I HAVE FROM TIME TO TIME pointed out that all that one who, like me, leans out of his window to study the ceaseless trafficking of the world below, can do when he returns to his desk to type the reflections prompted by the turmoil that he has witnessed, is to struggle to be honest with himself in hopes that he may thus throw a streak of light on the path of someone afflicted with like perplexities. Occasionally, as I look out of my window, someone in the crowd waves a hand and smiles, and I feel that I may have made a friend.

So it is, I hope, with Mr. Humayun Kabir, Educational Adviser to the Government of India, and secretary of the Editorial Board of Maulana Azad's monumental "History of Philosophy: Eastern and Western", who has written the following letter to "The Eastern Economist":

"On my return from abroad' I have read with great interest the four articles on the 'History of Philosophy: Eastern and Western' published in 'The Eastern Economist.'. I have shown them to Maulana Sahib also who has enjoyed reading them.

"You have made three criticisms:

"1. There is no chapter on Bernard Shaw, even though he has influenced contemporary thought;

"2. there is no capter on Freud; and

"3. there is no chapter giving a general description of philosophical problems and explanation of philosophical terms which would make the lay reader to make full use of the Volume.

"We accept the second and third criticism and when the second edition of the book appears, we shall attempt to make good these lacunae. To add a chapter on Freud is comparatively a simple matter and on that I think I can say definitely that this will be done. To add a chapter, however, which explains philosophical problems and gives an explanation of philosophical terms is a somewhat more difficult task; for these terms are many and varied and often the same term is used in different senses by different writers. Sometimes, the entire work of a philosopher is an explanation-cum-justification of the terms he has used. However, we will make an attempt to write a chapter on this behalf and if we are able to do so, it will be added to the second edition.

"Regarding a chapter on Bernard Shaw, I am afraid I cannot accept the criticism. If Shaw is to be included, why not H. G. Wells or Andre Gide or Tolstoy? Or to go back further, why not Shakespeare? I am afraid that in a History of Philosophy, we have to confine ourselves to academic and professional philosophers, as otherwise one would have to take into account all the religious teachers and also every one who has made an impact on human life and thought."

Mr. Kabir's letter refers to the articles "A Letter to Maulana Azad" (October 16, 1953), "The Treasures of Maulana Azad" (October 23, 1953), "Philosophy and Practical Men" (October 30, 1953) and "A Final Suggestion to Maulana Azad" (November 6, 1953) in which I discussed the "History of Philosophy: Eastern and Western" issued under Maulana Azad's auspices.

I am indeed gratified that two of the three suggestions that I made in this column were of use to the Maulana and his colleagues.

I take the opportunity of launching a friendly disagreement with Mr. Humayun Kabir's classification of Bernard Shaw. I surmise that he refuses to accept Shaw as a professional philosopher because Shaw did not expound his ideas in the remote, complicated and impersonal manner of, say, T. H. Green, but in dramatic form, and because he did not reside in an academy but led an active life with many interests (of which, however, philosophy was the foundation).

PHILOSOPHER SLAPS THIGH

I suggest that anyone who doubts that Shaw was a philosopher—i.e. a man with a systematised scheme of metaphysical thought—should read the Preface of "Back to Methuselah" and the five plays in the same volume, and the Hell scene in "Man and Superman". If a professional philosopher could be found who had never heard of G.B.S. and who approached these volumes with a mind unbiassed by G.B.S.'s notoriety, he would recognise a profound and original thinker. And what's more, he would slap his thigh and say "These are the best dialogues since Plato!".

Plato is included in the Maulana's History. Why? He was not merely an academic philosopher. He was a poet first, and his career was by no means purely "academic". He had time to cultivate some famous friendships. He travelled extensively and even (like Mr. Humayun Kabir) entered government service (with Dionysius of Syracuse). And I submit that his influence as a philosopher has been due not only to the quality of his thought but in as great a measure to the dramatic setting of his writings, to the descriptions of the scenes in which they take place, to the entertaining and interesting characters with which he peoples them, and to the neatness of his dialogue. In fact, if Plato was not a playwright, then neither was Shaw!

What does Shaw discuss in his plays and prefaces? The problems of morals, ethics, purpose, first beginnings and final causes, that are the standard raw material of philosophy. Is there a cosmic purpose? What is its nature? What is beauty? What are the relations and functions of mind and matter? And Shaw's answers (besides being worth hearing) are those of a professional philosopher of sufficient calibre to require rebuttal from other professionals if they disagree with them. In a nutshell, Shaw argues in "Back to Methuselah" that the goal of creative evolution is contemplation—that same contemplation that has been the object of mystics from the beginning of metaphysics. I have no space to elaborate but would refer you to Shaw's texts and to the short and admirable study of his philosophy by C.E.M. Joad to be found in "G.B.S. 90—Aspects of Shaw's Life and Work" (Hutchinson 1946), in the course of which Joad outlines Shaw's inheritance from Samuel Butler and Lamarck, his relation to Bergson, and his affinity with Plato.

Please do not mistake my plea that G.B.S. (and Plato) should be recognised as philosophers as subtle propaganda in support of the philosophies of either. It so happens that I disagree on some crucial points with both (a cat, after all, may look at a king). As far as any generalisation is true, parts of Plato's philosophy justify censorship and oligarchy, while, for example, Shaw's attitude towards women savours of mediaeval scholastic logic—it is water-tight but cruel and unrealistic.

Plato and Shaw have much in common. Plato was afraid of art because it aroused emotion and he thought

that emotion strengthened the irrational part of the soul, that it kept men's interests down to this sensual world, and so attracted the soul away from its true object—reality, union with God. As long as they both thought about their emotions, Plato and Shaw were afraid of them. Fortunately, they fell periodically into reverie and when they sat down to write, they forgot that what they had experienced in their reveries were emotions and put them, all hot and molten, onto paper. Neither, I suggest, realised that their highest visions contradicted their insistence on intellect and reason, for in their great moments, Shaw and Plato were poets.

I suppose that if Mr. Kabir were to argue that a philosopher is essentially a man of reason and intellect, I would concede the point at once, and reply that to the extent that his philosophy fails to achieve poetic heights, it is lacking in a vital element: some part of the truth, some part of beauty, some part of God, will be missing from such a philosopher's system. It will be an intellectual philosophy for other philosophers—it will lack emotion.

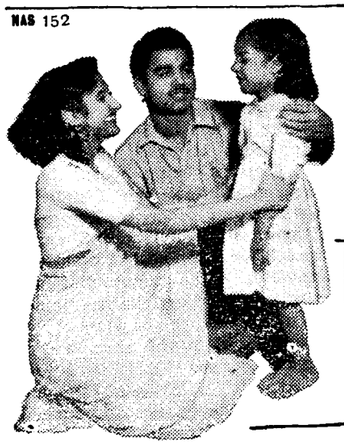
AN INDEFINABLE SOMETHING OR OTHER

And here I cannot resist opening a parenthesis that anticipates to some extent the discussion on Freud that I have in mind for next week: Don't tell me that emotion and an irrational, instinctive, indefinable something or other will prevent the soul's mystic union with God. On the contrary, in the absence of all feeling, God cannot be felt. I do not think that Plato or anyone else has found a final and unquestionable metaphysical argument for the existence of God. Yet Plato and whole rows of other respectable philosophers have proclaimed the truth and beauty of union with God, and the only unquestionable argument that they have produced in support of God's existence is to marshal side by side (a) the intellectual probabilities and (b) the mystic irrational probabilities—the two together give the whole answer. Either offered separately is insufficient. My witnesses for this assertion include Plato himself, backed up by a host of great mystics of whom I have space to name no more than Plotinus, the philosopher (205-220), St. Augustine (384-430), St. Francis of Assisi (1182-1228), Rabia "the Muslim St. Teresa" (717-801), Al Hallaj, the martyr (died in 922), Al Ghazzali, the poet (1058-1111), Attar, the poet (1140-1234), Dante (1265-1321), Thomas a Kempis (1360-1415), and William Blake (1757-1827).

I am not arguing that all these men and women deserve space as philosophers in Maulana Azad's History. I merely cite them as witnesses against the purely rational and intellectual sides of Plato and Shaw. Certainly my witnesses knew God with their intellects, but they saw and felt Him with their deeper resources —their instinctive and emotional sides—in other words with the resources of the Freudian Unconscious.

I propose in the course of the next three weeks to try (a) to sketch the basic psychological truth of Freud's theory, and (b) to explode the fallacious philosophies that he and other amateur philosophers have built up on it.

NAS 152



Consider for a moment...

. . that an accident—call it Providence, if you like—left your little daughter alone in the world .

Would you want her to be brought up in some public institution, or else be dependent on some of your relations?	Or would you rather that she continue to live in your own home and grow up exactly as you wanted her to grow?	If it is the latter, you must plan now. Call in the Bombay Mutual Agent, he will show you how to proceed.

THE **BOMBAY MUTUAL** LIFE ASSURANCE SOCIETY LTD.



Bombay Mutual Building, Dadabhai Naoroji Road, BOMBAY-1

EVERY POLICYHOLDER A SHAREHOLDER

BRANCH OFFICE: Connaught Place, Post Box No. 357, NEW DELHI.

BOOK REVIEWS

M. N. ROY

New Humanism: M. N. Roy: Renaissance Publishers Limited, Calcutta: Rs. 2-8.

There was an element of tragedy about the appearance of this book. It came in the week in which Mr. M. N. Roy passed away. There is no doubt this fact has tended to take the interest off New Humanism and place it on M. N. Roy. It may be that even if he had not just passed away, the man would have been more important than what he conceived to be his mission. As it is, it is quite certain that his name will live longer than his work. *New Humanism is a most* stimulating idea, but it has not in it the makings of a great political ideal.

That, in some sense, is the tragedy of Mr. M. N. Roy's life. Until the end he was a rebel against the society in which he was living. His great courage, his fine analytical mind and his capacity to win and keep friends were all in some sense instruments in a life which has ended in disillusion. At one end of the scale he was disillusioned in the Communist Party which he did so much to develop. At the other end he was disillusioned about the democracy which he desired to place in the niche made empty by the 'God that Failed'.

This book contains much stimulating material from one of the most interesting minds of our time. Consider, for example, a sentence such as this found on page 108 of the book: "Measured by this standard of formal democracy—the method of counting heads—the avowed dictator Hitler was the most successful democrat of our time. By inflaming the passions of the people demagogically, he obtained their almost unanimous support several times. The voice of the people ceases to be the voice of God when the people cease to be an aggregate of men capable of moral and rational judgment. The demagogic practice of formal democracy may degrade the sovereign people to the status of a mass of voting robots. In India such degradation of formal democracy is practically predetermined by the cultural predisposition of the people to believe blindly and to expect miracles."

Would anybody but Mr. M. N. Roy have written in this strain?

It is appropriate that with this, his last book, a great tribute should be paid to one of the most interesting personalities of our time. If nothing succeeds like success it is still not true that nothing fails like failure. There was a grand failure in Mr. M. N. Roy's life. By that he will live for many years.

AMERICAN FOREIGN POLICY

Major Problems of United States Foreign Policy, 1954: The Brookings Institution: Washington 6, D. C.: Price Paper Bound $2.00; Cloth Bound $4.00.

American foreign policy has been interpreted in such a wide variety of ways that it has defied a consistent interpretation. It has appeared differently to different people outside the United States, but the internal political pressures that have influenced the various decisions, which are the links in the chain of U.S. foreign policy, have never been uniform. The Brookings Institution has undertaken in the last six years the task of analysing the significance of these decisions in an annual survey of the problems of U.S. foreign policy. The latest volume, the seventh in this series, defines the major problems confronting the United States at the end of 1953. In framing these issues, the survey has taken note of the movements of opinion in the United States, the political currents in the free world and the behaviour of the Soviet Union.

The change in the international atmosphere in 1953, caused by a widespread resistance to policies which sacrificed civilian economies to rearmament, compelled the United States to find a basis of action that would take full account of the new tone without passing the initiative to the Soviet Union. The survey sums up the resultant position as follows: "The power of decision and hence the capacity to influence the general course of action of the United States, Great Britain and France is no longer as obviously concentrated in American hands as has been the case for some time past. Similarly, the capacity of these three States to set a direction for the entire free world has been reduced by the obvious wish of some of the other free nations to regain more freedom of action." Referring in particular to the Asian area, the survey states the conclusion that "the efforts of the United States at leadership have failed to touch the hearts of Asians and that the decline of American prestige is a factor in the failure to achieve better results."

This change in the influence of the free world, while there was a hardening of attitudes within the United States, necessarily sharpened the differences on global policies. The death of Stalin brought a new external influence through the expectations which it raised. The first three parts of this book survey these developments and their effects on the specific problems of each region. The last part contains a problem paper on the Soviet threat, providing an exhaustive analysis of the issues involved.

A TEXT BOOK ON AGRICULTURE

Post-War Agricultural Problems and Policies in India: By S. Thirumalai: Institute of Pacific Relations, New York: Available from the Indian Society of Agricultural Economics, Bombay: Price Rs. 12.

This book claims to be a "study of fundamental problems" and "an attempt at clarification of the underlying issues" rather than a "meticulous survey of the vast field of agricultural problems". It is written by the Editor of "The Agricultural Economist", a leading authority on this subject. As a summary of the main trends over the last fifty years in agricultural production, prices, foreign trade, government policy, the effects of war and partition on economic resources, the pattern of land use and production, it provides a valuable up-to-date work of reference for those interested in finding all the important facts of agricultural economics in a central place.

It is when the author passes on to a discussion of problems that weaknesses begin to appear. Speaking of the possibilities of extension of cultivation, he jumps, on insufficient evidence, to the optimistic conclusion that there is scope for the reclamation of about 156 million acres of arable but uncultivated land. This figure is arrived at by adding the quantities usually classified as "current fallows" to "other non-cultivated land". Only fifteen million acres of the latter are known to be cultivable, but Mr. Thirumalai considers this figure the result of "lack of proper knowledge and scientific classification". He admits, however, that cultivation can only take place if "technical know-how is fully applied"; but there is no further mention of this most important limiting factor.

Finance tends to be a little neglected throughout appearing, a little illogically, towards the end when credit is revealed as the "pivotal problem in agricultural development". Mr. Thirumalai considers that "a sound system of supervised credit is the most effective approach for raising the productive efficiency and living standards of the agricultural population". The amount ideally required would appear to be Rs. 1,286 crores per year. From where is this to come?

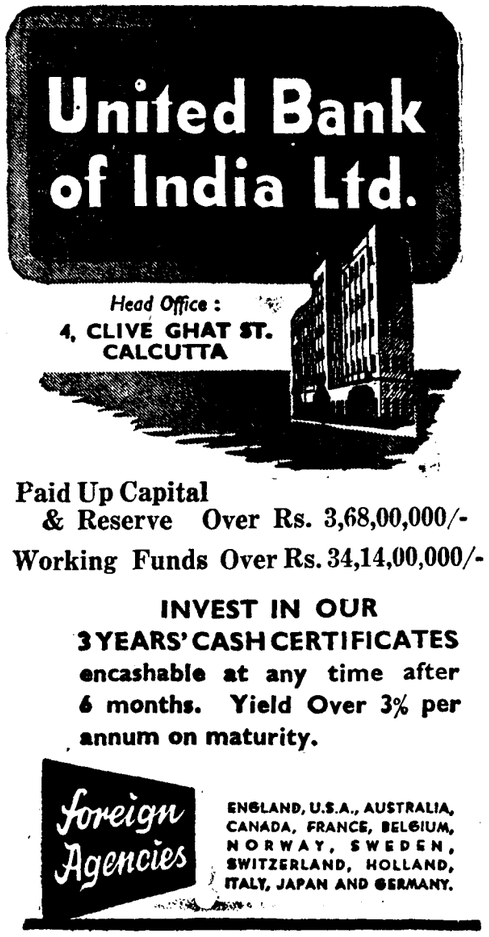
The book is an excellent reference work, solid in its facts. Perhaps, it is no great criticism of any book on Indian agriculture that it cannot be equally impressive in its opinions. "India," said Denis de Rougement recently, "is problems". There is no sphere where this is as true as in agriculture.

BIHAR IN MAPS

Bihar in Maps with Explanatory Text: By P. Dayal, M.A., Ph.D.: Kusum Prakashan, Patna: Price Rs.5 (bound Rs. 5-12.): Pp. 84.

This is a fairly successful attempt to bring to the reader the geographical aspects of Bihar State. This book contains 39 maps covering Agriculture, Population, Irrigation, Railways, Roads, and Development Schemes etc. It is evident that the author has taken pains over these maps, which are of a good standard. The explanatory text, however, is of indifferent quality and leaves room for improvement and better presentation. The author, however, in his preface, claims that this little book is only "a modest attempt to analyse the distribution of the resources of Bihar". The text gives information regarding soil and weather conditions in Bihar, valuable to teacher and student alike. The treatment moreover bears the stamp of an economic survey briefly mentioning agricultural crops, industries and power resources etc. Some amount of information regarding legislation relating to forest and irrigation departments is dealt with. The book presents a very wide survey in a summarised form.

It would be useful to encourage books of this kind covering the other States in India, after having effected improvements in style and presentation.





A DELHI DIARY

THE EAST BENGAL ROUT

THERE have been alarums and excursions throughout the week. Interest in the manoeuvres to form a Ministry in Travancore-Cochin had barely died down, when there came (particularly, I expect, in Karachi!) shock upon shock from East Bengal. I have kept a daily record of the results as they were available up to the crack of dawn on Thursday morning, after which (as I have previously confided in my readers!) no further dilatoriness will be permitted by the Editor. How I wish I could have painted what might be described as a 'finished' picture; I fear it might reveal even a finishing off. But I must not anticipate. My records on Tuesday show the results: Seats announced 11: United Front 9: Muslim League 2. On Wednesday the picture was: Seats announced 62: United Front 51: Muslim League 2. On Thursday (at crack of dawn): Seats announced 101: United Front 85: Muslim League 3. In percentage terms, the Muslim League is losing ground even now. A good mathematician who has been working on the trend revealed by these figures (by what he describes to me as the method of least squares!) computes that by the time all the results are announced the Muslim League will have nine seats in a house of over 300. I take no responsibility for money lost on the betting!

What on earth could have happened? As far as I am aware, there was nobody in Delhi who had the vaguest suspicion that anything even distantly like this was in the offing. Indeed, just last week I heard the cryptic remark from a journalist friend that (for more reasons, than one!) the Muslim League could not possibly lose an election. The resentment in East Bengal against Punjab rule was well known; the determination to keep Bengali as the State language in place of Urdu which West Pakistan seemed bent upon imposing on the East was recognised. The problems raised by the cost of living were believed to be nearly as bad in Dacca as they are in Calcutta. I doubt, however, if there was one man in the sub-continent who judged that these things added up to what we are now seeing. A notable punter (in historical spaces!) has been telling me that he considers these events present the third most important landmark in modern Asian history, the first two being the Independence of India and the People's Revolution in China. But even he is speaking after the event and not before it. Or is this a forecast for the future, in which I must confess my historical friend has had much notable (but erroneous!) experience?

In the lobbies of Parliament, in social circles everywhere, people are asking what it all means. I understand on Wednesday and Thursday Muslim League circles in Karachi were asking the same question. But there is no truth in the report that the decision reached there is that it may mean—anything!

I am particularly happy to record one fact. There is general appreciation of the fact that Pakistan (like Indian!) electorates are determined to go their own way; they will go on visiting displeasures on governments which fail them. That is one wholesome thing in working a democracy. Men in power must recognise that they may be dressed in very brief authority. But apart from the glad recognition that the sovereign people are good at expressing their sovereignty, there has been little jubilation in New Delhi at the reverses being sustained by the ruling party in Pakistan. In part, this is because most intelligent people see that instability in Pakistan may not be good for India, but I like to think the greater part is due to the fact that people in India are gracious enough not to sneer at people who are down. I recognise and applaud this gentle tolerance we extend at these times particularly to our opponents. There has been not a little sympathy in particular expressed for Mr. Mohammed Ali.

MR. PATTOM THANU PILLAI

Ministry-making in Travancore-Cochin has given the Congress Party and Mr. Pattom Thanu Pillai an opportunity for the display of good sense which, we are now assured, they always had. On March 16 (to be precise at 2-20 p.m.!) Mr. Pattom Thanu Pillai, the Praja-Socialist leader, was sworn in as Chief Minister of Travancore-Cochin. He has been assured of Kerala Congress support and will probably get support from the Tamil Nad Congress too. The United Front of Leftists has been foiled again in its attempts to seize power. Not a little credit goes to the leaders of the Praja-Socialist party who recognised when it came to the final decision that an electoral alliance with the Communists was one thing; a coalition in the administration quite another!

The spotlight certainly is on Mr. Pattom Thanu Pillai. An aged and sincere Congressman, his return to power is a rebuke to the petty Congressmen in Travancore-Cochin who ousted him from influence to the point of driving him into the Praja-Socialist camp. The failure to give him leadership in the Congress was the proximate cause of a quite wasteful election; the secondary cause was the failure to come to terms with the Tamil Nad Congress. The President of the Congress has made good his initial acts of omission and commission by advising (and possibly dictating?) better sense on at least one point on this occasion. It is sincerely to be hoped he will not overlook the other. If the voice of the people is to be respected in one respect, can it be ignored in the other? The twelve seats (instead of nine) which the Tamil Nad Congress holds provide some popular evidence for the States Reorganisation Commission!

DR. KATJU

The spotlight has certainly been away from Delhi this week and notwithstanding the fact that interesting subjects were being discussed—the Press Act and the Budget—interest in Parliament has been very fitful. Dr. Katju, the Home Minister, has been in good fighting form. I have no doubt the Press will disapprove, and (confidentially!) I have seen an "Eastern Economist" editorial to appear in this issue which denounces the Home Minister quite fiercely. I wonder, however, what a Home Minister is to do when most State Governments in their present fearful state of mind demand the continuance of the Act. Theoretically, he can refuse; in practice he has little choice. I do not always agree with Dr. Katju; but I consider he is being pilloried unduly for faults which must be deemed to be widely shared. A spearhead is not, perhaps happily, the only point of a spear!

ARGUS.

SPECIAL ARTICLES

LAND NATIONALIZATION IN BURMA

THE Land Nationalisation (Amendment) Bill, 1954, which has just been passed by the Chamber of Deputies of Burma, raises an important question of principle which is of interest to the whole of South-East Asia. The purpose of the proposed amendment is to replace Section 42 of the Land Nationalisation Act, which is the crucial Section prescribing the rates of compensation. The point of principle involved is whether the compensation, which can be awarded in the terms of the proposed amendments, is

(a) adequate, and

(b) non-discriminatory.

The Bill has been passed in the Lower House in Burma without opposition. Obviously, therefore, it is deemed satisfactory by Burma; and from the Burmese point of view, the justification is not far to seek. But it is not merely the Burmese point of view which is to be taken into account at this stage, when this entire question is due to be finally solved.

Articles 23 and 30 of the Burmese Constitution lay down the following principles, namely, that the State is the ultimate owner of all the land, and that, subject to the provisions of a law which shall determine when and to what extent compensation is to be paid, land may be resumed and redistributed by the State at any time. It is too late in the day to question these sweeping powers; and the Burma Nattukottai Chettiars' Association, which is the body principally interested, does not at present seek to do so. The Association is only urging, as an Indian delegation which visited Burma urged towards the end of 1953, that in determining the quantum of compensation under Article 23(4) of the Burmese Constitution, certain considerations, which Burmese nationalist sentiment naturally tends to overlook, should not now be neglected.

These considerations are, in the perspective of Burma's own needs, not at all unimportant. As a developing country which has now been thinking of joint participation with foreign capital for facilitating rapid industrialisation, Burma must obviously treat foreign capital equitably; and the Constitution cannot be read as forbidding this. Good neighbourliness, which is and would be relevant for as long as the Burmese economy depends so very greatly on rice which can only be sold in the neighbouring areas, also demands that the nationals of the neighbouring country must be reasonably compensated. The income from the land which is being nationalised is also expected to be considerable. It will in any case be such that the Burmese Government can afford to increase the land revenue, if this is to be the main source of financing the extra compensation which the Chettiars are now asking for. Above all, the rates of compensation must be related to the Chettiars' own financial position which is not by any means as comfortable as it is often assumed to be.

These are the arguments which India has so far advanced, unsuccessfully it would seem, in the effort to get the scheduled rates of compensation for Indian-owned land in Burma (about 3 million acres) increased. That a case which is apparently so strong should nevertheless have appeared to be special pleading can only be deemed unfortunate. A final attempt to present the Indian point of view must nevertheless be made. Whether or not Burma is inclined to overlook the expediency, in her own interests, of equitable treatment of foreign capital, the case for granting fair rates of compensation to the nationals of India, which is likely to remain an important purchaser of Burmese rice, and the fact that Burma will be able to afford the increased compensation rates, and the needs of the Chettiars themselves, can all be regarded as conclusively established. In the paragraphs which follow, these neglected aspects of the problem will be more particularly dealt with.

The extra compensation, which the Burma Nattukottai Chettiars' Association asks for, involves a change in the proposed rates of compensation from 12 times the land revenue at the bottom of the scale and the same as the land revenue in the highest slab to 15 and 8 times respectively. This is expected to inflate the cost of the estimated compensation to about 9 crores of kyats. But this is a sum which will be plainly within the capacity of the Burmese Government to pay.

The extra compensation which the Chettiars' Association is asking for can be financed in one of two easy ways. The Association may be prepared to accept payment, provided it is generous, in bonds which will be non-negotiable for a prescribed period. This clearly would create no immediate problems for the Burmese Government. Or, if cash payments are to be made immediately in kyats, the compensation amounts being allowed to be repatriated to India, and there is a consequent loss in foreign exchange to the Government of Burma, this loss can easily be made up, if India is willing to purchase rice as a 'quid pro quo'.

The recently concluded rice agreement indicates that a solution on these lines is by no means impracticable. Clearly, the Burmese Government needs or may be presumed to need its foreign balances, even at their recent level of about Rs. 97 crores, as a stand-by, to be used for purposes of development. But if an understanding can be reached, whereby non-negotiable bonds are accepted by the Chettiars, for an equitable period of years, and if India undertakes at the same time to purchase rice on a long-term basis, the difficulties of financing the extra payment, which the Chettiars are asking for, can be seen to be imaginary rather than real. A major effort must be made by the Finance Ministry to do them justice by a generous settlement, similar in principle to refugee compensation.

Regarding the rest of the Indian case, namely, that the income from the nationalised land will be considerable, and that the Chettiars need to be treated generously at this stage, comparatively little needs to be said. The average annual income from the land has been estimated at about Rs. 30 and the average value at about Rs. 300 per acre. In comparison with these figures, even the scale of compensation which has been suggested from the Indian side can only be regarded as being very conservative and economical. As for the financial position of the Chettiars, the consolidated balance sheet for the period 1935-42 indicates how vulnerable their position is and has been.

CONSOLIDATED BALANCE SHEET OF CHETTIARS IN BURMA, 1935-42

(Based on the estimates of the Chettiar Association.)

(In Lakhs of Rupees)

Liabilities	
Proprietors' and Relatives' Capital	45,00
Madras Deposits	22,50
Burma Deposits	7,00
Advances from Madras and Burma Banks ..	50
TOTAL	75,00
Assets	
Cash in Hand, Hundies Discounted and Advances made	10,00
Land and Houses	65,00
TOTAL	75,00

It will be seen that although proprietors' capital is fairly large, the deposits which the Chettiars have owed against the land which they own have not by any means been negligible. The Chettiars have remained responsible for these deposits. They have probably met them already for the most part; and it is unfair to expect them to charge losses to their own and their relatives' capital. The impression which seems to have gained currency to the effect that this capital was built up out of incomes which were easily earned which accounts in part for India's difficulty in getting a hearing, rests only on a myth.

The Land Nationalisation (Amendment) Bill is a minor issue in comparison with many other problems involving Indo-Burmese relations. It provides the Burmese Government with an opportunity, however, to prove that as a 'quid pro quo' for the steps which India has recently taken to make the Indo-Burmese trade agreement effective by purchasing rice, Burma can also be persuaded to make concessions in the common interest. The question cannot, therefore, be regarded as closed. Every effort should be made at this stage to press this case at the highest diplomatic level.

TRENDS IN LIFE INSURANCE

THE major developments in insurance in this country during 1952 tend to establish the conclusion that the insurance business has entered upon a new phase. That phase may appropriately be described as the period of stabilisation, since the time has arrived when the gains in progress made in the last decade are being consolidated. Insurance, like every other business, has already started responding to the requirements of readjustment to a buyer's market and although exhaustive figures for the last calendar year will not be available for a few months more, such evidence as is available at present indicates that, on the whole, there is no warrant for apprehensions of any great decline in new business that is being written by insurers. Too much preoccupation with the statistical position of the procurement of new business is likely to conceal the positive improvement that is being registered in other vital respects, for instance, in the matter of management expenses and earnings on investments. Broadly, on all fronts, stabilisation at reasonable economic levels would appear to be the dominant note.

The belated appearance of the official report on the progress of insurance in 1952 has at least made partial amends in respect of the character of the figures furnished. The element of error in the published statistics, inevitably arising from the default of certain units in tendering their returns, has always precluded a correct appraisal of the position of business acquired each year. This error has now been rectified by retrospective incorporation of these figures in the previous years up to 1951. The modified figures, therefore, reflect the correct position. Elimination of this margin of error in respect of the year 1952 can be expected in the next review. The progress of life insurance, in this modified form, during the decade commencing 1943 is set out in the table below:

PROGRESS OF NEW LIFE BUSINESS

(In crores of rupees)

Year	Indian Insurers	Non-Indian Insurers	Total
1943	64.2	10.0	74.2
1946	140.9	12.9	153.8
1948	121.7	12.9	134.6
1949	130.0	12.2	142.2
1950	125.8	31.7	139.5
1951	131.4	16.5	147.9
1952	129.3	16.4	145.7

These figures are strictly comparable from the first post-partition year 1948 onwards. The small retreat which Indian insurance companies suffered in 1950 was covered at once in the next year and except for this solitary fact the trends in the development of life business show marked progress. This progress has no doubt been sustained by the inflationary incomes of the period, but relatively to the pre-partition years the magnitude of the progress since 1948 shows a real rise in business. If proper allowance is made for the coverage of business in India and Pakistan combined prior to 1947, it would be reasonable to advance the conclusion that business in the last two years is not below the peak reached in 1946.

In the proximate context, a detailed breakdown of the statistical position of the business in 1952 in relation to the previous year reveals results as follows:

NEW LIFE BUSINESS IN 1952

(In crores of rupees)

	Sum Insured	Yearly Renewal Premium
Indian Companies ..	129.28	6.96
	(—2.10)	(—0.22)
Non-Indian Companies ..	16.40	0.93
	(—0.08)	(—0.03)
TOTAL	145.68	7.89
	(—2.18)	(—0.25)

The figures in brackets show the difference in relation to the position as it stood in 1951. The apparent decrease which the bracketed figures indicate in the business for 1952 cannot be taken at its face value. The figures, in reality, cannot be taken as disclosing actual decrease in business for the obvious reason that corrections for non-inclusion of defaulting companies will need to be made at a subsequent stage. It would be a legitimate presumption to make that the final result will show the value of business in 1952 on a par with 1951. It is a state of virtual stability which the condition of life insurance in 1952 establishes.

Absence of upward trends in the volume of business in 1952 does not connote a state of decline and it would be surely premature to take any such narrow view. The change in the financial operations of insurance companies due to the passing away of inflationary forces in the economy are reflected in one vital sector which had always been a source of constant worry for insurers. It relates to the problem of control of management expenses. In the light of the improvement which has been brought about in the expense ratio, past controversy over this issue has lost its prior force. The inflationary element in the expenses has been eliminated, partly, no doubt, because of conscious efforts in that direction. The progress achieved in this specific sphere is true not only in respect of the leading insurers but also in relation to all as would be apparent from the actual state after the exclusion of about six premier units.

EXPENSE RATIOS OF INDIAN LIFE INSURANCE COMPANIES

	All insurers	Excluding six leading insurers
1948	29.0	32.4
1949	29.2	33.2
1950	28.9	32.5
1951	27.2	28.2
1952	27.1	27.8

Medium and small-sized units have been able to demonstrate a marked degree of economy in management expenses, but in spite of this general trend there are bound to emerge cases of hardship resulting from the rigid formula which relates the permissible mangement expenses to the direct business written in the particular year. The relation which it implies as subsisting between the fluctuations in the volume of business and in the amount of expenses rests on a somewhat arbitrary assumption and marginal units have to seek relief in discretionary authorisation of excess expenditure from the Controller of Insurance. The total excess expenses of insurers, who could not conform to the stipulated limits, to the renewal premium income amounted, however, to 2.3 per cent in 1952.

The earnings of life insurers on their investments have reacted favourably with the change-over from the cheap money policy. The rise in the interest rates brought progressive gains to them in terms of revenue. Briefly, the net rate of interest earned by Indian companies on their mean life insurance funds invested in this country steadily rose from 3.02 per cent in 1948 to 3.16 per cent in 1950, 3.33 per cent in 1951 and 3.43 per cent in 1952. The lack of increase in the volume of business written during this year should not be isolated from the improvement in management expenses and income from investment.

The amount of life business written by Indian insurers in foreign countries, though modest in size, recorded an increase of Rs. 1 crore to Rs. 11.43 crores in 1952 above the previous year. But in essence the business obtained inside the country is basic to the health of the industry. A limited view of the prospect that lies ahead has no justification inasmuch as sources for expansion of business remain to be tapped in new directions. The employment and incomes which the execution of the development projects will generate progressively and insurance policies that will in course of time be taken out for payment of death duties indicate fresh avenues that will be available for business.

COTTON YARNS

OF ALL DESCRIPTIONS

FOR HANDLOOM, POWERLOOM & HOSIERY FACTORIES

MADURA MILLS COMPANY, LIMITED

Phone: 250 (5 lines) MADURAI Grams: "HARVEY"

MILLS AT

MADURAI, TUTICORIN AND AMBASAMUDRAM

5,00,000 Spindles Counts up to 80s

SPECIALITIES

WARP YARNS, COMBED YARNS, HOSIERY YARNS,

SINGLE & FOLDED YARNS: CONE, CHEESE OR HANKS

Yarns for the Manufacture of

ROPES—HEALDS—CANVAS—TAPE

Sewing Thread Yarns & Multi-ply yarns

CORD YARNS FOR TYRE MANUFACTURE

Managers :

A. & F. HARVEY LIMITED

MADURAI

Phone: 420 (4 lines) S. I. Grams: "HARVEY"

THE BUSINESS WORLD

CHEAPER INSURANCE

The announcement by two leading insurance companies namely, the New India and Oriental, of lower rates of insurance premia, the reduction being of the order of 7 per cent in the case of endowment and 25 to 27 per cent in the case of whole life policies, shows that Indian insurance is now beginning to make its rates generally more attractive in the bid to increase the volume of new business.

The latest Insurance Year-Book, which has just been published, shows that the market has by no means been fully tapped. The volume of new business written in 1952, at Rs. 145.68 crores, indicates a slight decline as compared with the previous year, but 1951 was a peak year and there is no reason why this experience should not be repeated. The main reasons to expect an increase in business, however, are

(i) the rate of development spending is being increased,

(ii) the Estate Duty Act is likely to prove to be an inducement to insure, since it exempts policies for the purpose of paying duty (to the extent of Rs. 50,000) and ordinary policies (to the extent of Rs. 5,000) and

(iii) the cheapness of insurance, now that premium rates are being revised downwards.

The last-mentioned is naturally a matter of some interest now and it is interesting to go into the reasons justifying this decrease.

The major interesting development is the improvement in mortality rates. Here, it is only possible to indicate the trends. The Oriental Ultimate (1925-1935) and the All-India Life Tables for 1941-1950 are not necessarily comparable since they cover insured lives and all lives respectively. But improvements have been independently recorded in both tables. The trend of the general mortality experience is summarised in the table below:

1881-1890	24.6
1891-1900	23.6
1901-1910	22.6
1911-1920	18.9
1921-1930	26.9
1931-1940	32.1
1941-1950	32.5

The Oriental Ultimate (1925-1935) table must when applied today reflect the fact of a similar improvement in increased revenue and surpluses. New India's statement that in 1946-1952 mortality experience was only sixty per cent of what could be expected on the basis of Oriental's table confirms the fact of improvement in the last two decades. Whether or not the mortality tables in use in Indian life offices are brought up to date now in the light of this prima facie evidence of the case for their revision, the premium rates must certainly be adjusted downwards.

There are other reasons also which have influenced the recent decisions. The liberalisation in the Income Tax (Amendment) Act, 1953, of the taxation of the surplus, the improvement by about three-quarters of one per cent in the gross yield on investments, the fact that capital losses in 1952, following the depreciation of investments proved to be so little, and finally the experience of the leading insurers, who have been able to stabilise their expenses of management—all this has helped to create a surplus of revenue over expenditure which can be passed on to the policy-holders.

The size of this surplus is now such that the normal course, which may be adopted, of declaring suitable bonuses which will benefit existing policy-holders is no longer adequate. A downward revision would be unjust, perhaps, from existing shareholders' point of view. It does not benefit them and may on the other hand reduce the surplus which is available for distribution as bonuses. But to look upon the present move for a general revision of premium rates downwards would be to take an extremely short-sighted view. There is and can be no conflict between the interests of existing and prospective policy-holders. A revision of premium rates downwards will extend the business of insurance companies, and this will strengthen them financially, which is bound to be reflected ultimately in substantial benefits to all policy-holders, old or new.

For these reasons, the lead which has now been given by the two leading insurance companies in the matter of reducing rates and making insurance more attractive is unreservedly to be welcomed. Some misunderstanding has apparently been caused by these reductions, for there have been apprehensions that what may be in store may not be a healthy all-round growth of insurance in this country, but a rate-war, which can only lead to confusion and the uneconomic loss of revenue. These fears, if they are genuine, are quite premature, because rebating is forbidden and there is in existence a simplified code of conduct for life insurers, so that unhealthy practices can be detected and prevented. There is no reason to expect that the transition to lower premium rates will not be smooth and orderly. And there is every reason for the hope that cheaper insurance will lead to a very considerable increase in saving and in the volume of business outstanding—which will be of value from the point of view of both business and the Government.

THE INDIAN COUNCIL OF FOREIGN TRADE

By

CROESUS

Where there is a will there is a way. This has been amply justified by the activities of the Indian Council of Foreign Trade, Bombay, during the past one year. Following the special drive for encouraging exports of India's goods, instituted by the Government of India, this body was formed with the aim of promoting India's foreign trade by enlisting the co-operation of all countries willing and in a position to help India in this task. As is usual in this country, especially when a new organisation makes its appearance and does some useful work, there were all manner of criticisms, some even going to the extent of attributing ideologies which is so fashionable these days. It was, therefore, necessary for Mr. Murarji J. Vaidya, President of the Council, at the first annual general meeting, held last Friday, to declare unequivocally that "the Council is not affiliated to any other body, national or international, nor does it depend for its inspiration on any other organisation or idelogies." The Council is composed, as he said—and the membership of the Council fully bears this out—of industrialists, business men, economists, and bankers, all of whom are naturally interested in promoting India's foreign trade with the

ultimate objective of helping the economic development of the country.

That the Council has done good work should be clear to anyone from the fulsome tribute paid by Mr. D. P. Karmarkar, Union Minister for Commerce, when he inaugurated the annual meeting, as also from the account of the activities contained in the first annual report of the Council. Two trade missions sponsored by the Council, one to Egypt and the other to Japan and South-East Asia, did useful work in exploring the possibilities of greater trade with these countries than at present. It is only contacts made frequently thus and a close study of the various developments that will make for the maximum trade between countries. Mr. Vaidya was only voicing the obvious, therefore, when he said: "The mechanism of modern world trade is so complicated due to the interplay of a large number of economic factors and the intervention of numerous Government regulations in almost all the countries of the world that it demands constant study and requires constant contact with business men in all different countries, if we really wish not only to conduct but to carry forward the caravan of world trade through the maze of all these economic factors and governmental regulations."

In the course of his speech, the President of the I.C.O.F.T. made a few suggestions, as was only to be expected, for ensuring a greater share of world trade to India. Referring to the G.A.T.T., for instance, he said: "It is essential, if fruitful results are to be achieved through a multilateral agreement like the G.A.T.T., that the advanced countries of the world should give due consideration to the requirements, problems, and difficulties of underdeveloped countries like ours. It must be appreciated by all concerned that India is no longer a supplier of raw materials only and that India needs markets for her manufactured goods in the neighbouring countries as much, if not as badly, as countries like the U.K. do. Any concessions, therefore, which may be offered to India by other parties to the G.A.T.T. must provide for a progressive development of India's export trade in manufactured goods and should not apply to exports of her raw materials only."

The Union Minister for Commerce also dwelt at some length on this and said that, although it was difficult for one to point to tangible results of the G.A.T.T., he personally felt that, whether India derived any advantage or not, it was in India's interests to continue to be a member of the G.A.T.T., if only to prevent disadvantages, if any, arising from it. He briefly described the working of the G.A.T.T. and showed how G.A.T.T. was, after all, a compromise, adding that no compromise could ever be completely satisfactory, although, as a role, it was better than complete absence of agreement. "The whole future of G.A.T.T.", Mr. Karmarkar went on, "will be coming up for review in the course of the next 12 months or so and Government are making a close study of the subject in order to formulate their future attitude". He wanted that every country having a stake in international trade as much as India should approach the problem in a spirit of constructive realism.

Mr. Vaidya availed himself of the occasion to revert to his pet thesis of a Rupee Payments Union for South-East Asia. Favouring the pattern of the recent Indo-Egyptian Trade Agreement, under which Egypt has agreed to retain 40 per cent of her earnings from exports to this country in rupees for being spent here for purchasing Indian produce and manufactured goods, Mr. Vaidya said: "From our observations in the countries which we visited, we have come back with a feeling that all these countries would favourably receive proposals for adjustment with our trade balances with these countries in terms of rupees in the same way that Egypt has done. This would considerably help these countries by reducing their dependence on the sterling or on the dollar and would ensure more direct contacts and transactions between India and these countries." Proceeding, he maintained that the rupee had become a very important and valued currency in these countries and said: "If India continues to increase her contributions to world trade, there is no reason why the rupee should not become one of the accepted media of foreign exchange, next only in importance to the dollar and the sterling." Mr. Vaidya was undoubtedly earnest in what he said in regard to the Rupee Payments Union. But, as an article recently published in "Records and Statistics" on the subject pointed out, not all the conditions that are necessary for the successful working of such a union exist in this region as yet. But this is no reason why bilateral agreements should not be encouraged. India has, in fact, been having a number of such agreements and, as Mr. Karmarkar rightly pointed out, the circumstances today make it advisable for us not to limit ourselves by specific quotas and the like, while taking the utmost advantage of these agreements. A particularly noteworthy point that Mr. Karmarkar made was when he cautioned the I.C.O.F.T. that we should not retrace our steps from multilateralism, unless there are very great and important reasons for doing so. "Unless there are some overriding considerations applying to our steps from multilateralism, unless there are very do not think it necessary or desirable that we shall pay for our imports in rupees, which will not be freely convertible into sterling. We should rather look forward to the day when the rupees which we pay will be freely convertible even in dollars." Does this mean that the Government of India has already examined the prospects and possibilities of a Rupee Payments Union and come to a decision not to have one?

Be that as it may, the next question that Mr. Vaidya referred to was that of granting rebates of import duty on raw materials used in the manufactured goods exported from this country. Welcoming it as a step in the right direction, he complained about the administrative delay in actually granting rebates and instanced the case of the delay in respect of rebate on artificial silk fabric. In this connection, he pointed out that, although an 'ad hoc' rebate of 12 as. per lb. was being paid two years ago, when it was withdrawn, no decision has as yet been taken in this respect even after the amendment of the Sea Customs Act, by the Parliament. These administrative delays, though unintentional, he said, handicapped the development of our export markets and "often resulted in our losing the opportune moment for capturing or retaining these markets". Replying to Mr. Vaidya, Mr. Karmarkar said: "The main difficulty arises from the fact that it is difficult to determine, in the case of certain products, like art silk, for instance, the amount of imported raw material utilised in the manufacture of the product, partly on account of the availability of the raw material in the country and on account of variations in prices of different quotas of the same raw material imported by different manufacturers on which the amount of duty paid naturally varies, since the duty is recovered on 'ad valorem' basis. But we are hoping that, in respect of the particular items that we export abroad, we may be able to arrive at an early decision."

With a view to simplifying the structure of export duties, the President of the I.C.O.F.T. alluded to the long delay in making readjustments in export duties, especially in the context of the present buyers' market, and asked the Government not to impose export duties at all. If, however, exigencies of the Exchequer and circumstances of the world market justified such a course, he wanted the authorities to evolve a mechanism by which adjustments in the export duties could be automatically made in the light of changed world conditions. As one instance of such a mechanism, he mentioned the imposition of an 'ad valorem' rather than a specific export duty. Another of his suggestions was to have specific export duties varying in incidence according to the world prices. The Union Commerce Minister, however, did not make any reference to this in the course of his reply, evidently because he felt that the matter concerned another Ministry as much as his own. On such occasions, Ministers naturally choose to ignore.

Mention must be made of the stress that both Mr. Vaidya and Mr. Karmarkar laid on the question of exhibitions. The latter apparently believes so much in these exhibitions and their potentialities that, when listening to him the other day, I almost felt that he was canvassing the business men of this country to participate in the forthcoming exhibitions in Cairo and Switzerland. "I wish those engaged in industry and trade", declared Mr. Karmarkar, "take a larger interest in these exhibitions and, in addition to sending exhibits for such exhibitions, also send their representatives to attend such exhibitions so that they can develop contacts and the like in foreign countries". He also made a suggestion that the different associations and other organisations should make a point to participate in exhibitions and that each association should take a special interest in displaying the manufactures of its members, especially in foreign exhibitions.

It was refreshing to hear both the spokesman of the Council and the Union Commerce Minister dwell at length on the utmost importance of maintaining this country's reputation for reliability of production and business practices so as to inspire implicit confidence in the minds of sellers and buyers. Even before Mr. Karmarkar had urged this, Mr. Vaidya himself referred to what he described as an important measure that required to be implemented immediately, namely, the introduction of a suitable machinery to examine and certify all goods exported out of this country and to see that they conformed to established standards, if necessary by utilising the services of the Indian Standards Institution for the purpose. He did well in adding that any such inspection machinery would have to be established jointly by Government and by the industry concerned. This point needs to be underlined and particularly borne in mind, because one of our most powerful competitors, namely Japan, is lately known to be giving the utmost attention to testing and inspection of its products by proper certifying authorities for all its goods. Japanese goods have ceased to carry the odium of being cheap and nasty. They claim today to be quality goods selling at competitive prices. If India wants to secure for herself an important place amongst the trading nations of the world in the face of such keen competition, she must also follow the example of Japan, as Mr. Vaidya pointed out.

INSURANCE IN 1952

By

CROESUS

To a critical student of insurance, and particularly to one who appreciates the role of insurance to the economy of the country, the position as revealed by the Insurance Year Books, year after year, is hardly satisfactory. From the way in which the facts and figures are sought to be presented, one often wonders whether some people are out to prove that the efficiency of private industry in this sphere, at any rate, is but a myth. Or, to put it differently, one gets a feeling that there must be some sort of an understanding between a section of insurance interests and the authorities to gloss over each other's defects and not bother very much to discuss them in public, while all the time both are vying with each other in demonstrating their sympathy to the common man as represented by the policyholder.

These thoughts oppress one at the repeated delay in the publication of vital information about so very important a sector of economic activity in the country as insurance. The greater is the pity that this should be so even after the transfer of the portfolio from the Commerce Ministry to the Finance Ministry. I was criticising the Controller for bringing out the Year Book in January, instead of in December, but this time the Controller has delayed the publication till mid March, I suppose not with any vengeance. Until last year, the Controller used to wait and include particulars of business of insurers up to October 7, notwithstanding that the deadline by which these returns are expected under the Act is only the end of September. But, in respect of the year 1952, the Controller states in his report that he waited till November 30, 1953, and that, even then, some insurers and provident societies failed to submit their returns! Maybe, the list of defaulters in 1952 as a result of this laxity is not as long as in previous years, consisting only of five insurers including two non-Indian, and five provident societies. But that is only giving a premium to inefficiency. Frankly, I am at a loss to make out why there should be so much delay in the submission of statistical returns, when insurance companies in other countries, as, for example, America, are in a position to publish monthly figures of new business, lapses, etc., and when, even in our own country, scheduled banks and the Reserve Bank are able to give weekly returns of their transactions. The Controller of Insurance ought to deal with these delays more seriously so that the country might avoid the farce of being presented with incomplete figures of insurance for the year 1952, even as late as March, 1954! The people responsible for such delays must not be allowed to get away with it lightly. I am afraid the laxity displayed by the authorities will only make the defaulters feel that they can jolly well take their own time. I am told it should not take more than six months even for the best insurance company (that is a sound, well-established, large undertaking) in India to submit its returns.

But while blaming both the Controller and the insurers for the delay in the publication of the Year Book, one must not be blind to the fact that the delay has been made up, to some extent, by the addition of a number of new features, such as details of expenses control, distribution of investments, etc. Probably the transfer of the portfolio from the Commerce to the Finance Ministry has been responsible for at least one innovation in the publication, namely, the inclusion of the distribution of investments table and chart which the Reserve Bank of India has been doing in respect of commercial banks for some time past. Even so, one cannot resist doubting whether all the additional information is not in the nature of embellishment rather than purposeful enlightenment. Take, for instance, figures of new life business. Corrected figures are no doubt given, and I am glad to find that the authorities have taken note of my suggestion last year that the table should consist of corrected totals by including complete and up-to-date figures of new life insurance business of companies that had defaulted in furnishing their returns in time. It will be seen from a comparison of the new life insurance business table in the Insurance Year Books of the two years 1952 and 1953 what difference the new procedure will make. Until the latest Year Book was issued, everybody must have been under the impression that the Indian business of Indian insurers in 1951 was below that in 1950, while that of non-Indian insurers was more than in the previous year. According to the latest Year Book, however, the position in regard to Indian business of Indian insurers in 1951 was, as I had ventured to suggest last year, an im-

provement over that of 1950, in other words, exactly the reverse of what the Year Book conveyed. The position in regard to non-Indian insurers, however, has remained more or less the same. This distorted picture would certainly not have arisen if more up-to-date and accurate figures had been made available to the Controller of Insurance by the insurance companies in time.

The most unsatisfactory feature about the Insurance Year Book is that it consciously or unconsciously plays down the lapse experience of our insurance companies. A glance at the table relating to percentage of lapses must stagger anybody when the percentage figure in some cases is as high as 97! Even in respect of leading insurers the percentage works out to more than 30, although there are a few redeeming exceptions curiously enough among smaller companies for which probably the explanation is that the premiums in the case of these companies are collected directly by the employers, or there may be some other explanation, which, of course, one has to guess. Then, again, at the end of the table, one would have expected, at least out of statistical curiosity, the overall average ratio, but, here too, this information is conspicuous by its absence. And so long as these details are not available, how can the authorities hope to give a correct lead to the readers in appraising the volume of new business accurately?

As regards provident societies, one would expect in a poor country like India a very much greater importance than they have been receiving. However, in the latest Year Book, provident societies are dismissed more abruptly than even some insurance companies did when they wound them up most unceremoniously. The continued decline in business of provident societies, one thought, would cause considerable anxiety, and if there was any government publication which could have dealt with this trend exhaustively, it was undoubtedly the Year Book. Year Book after Year Book has been published since 1939, but there is very little material in any of them to inspire the student of insurance and provident societies. When a provident society is asked to be wound up, or any insurance company transacting provident business ceases to transact that business, it is the duty of the insurance authorities, especially in a country with a very low per capita national income and a still lower capital formation like ours, to investigate and find out the reasons for the failure of provident insurance business. But even in the highest quarters, unfortunately, insurance is apparently considered as only one entity, that which relates to the well-to-do people and not as two distinct parts, one part of which ought to concern the richer sections and the other that should apply to the common man who cannot have any protection unless and until the benefit of insurance is carried to his very doorstep and he is coaxed, cajoled, and even compelled, if need be, to buy insurance.

Now for a few observations about general insurance. Despite the observations I made in my comment on the 1952 Year Book, I find that the premium income of general insurance companies continues to be given in net figures which does not give a correct picture. I do not see what difficulty there is when gross figures are separately available even in the Year Book itself. The comparison should not at all be on the basis of gross figures. From the point of view of the country's economy, the comparison, to be really useful, should be of the gross premium incomes and, after showing the gross premium incomes, perhaps the authorities might indicate the adjustments effected due to reinsurance. It is to be hoped that this will be set right at least in the next Year Book.

Lest it should be thought that I am only picking holes, let me offer one bouquet at least to the Controller of Insurance. That I do for the very full information he has given in the latest Year Book with regard to expenses of insurance companies. The analysis provided by the Controller generally bears out the conclusion that the expenses of young and small companies are on the high side, whether they be life or general companies.

As already stated, the distribution of investments according to maturity contained on pages 12 and 13 of the Year Book are a welcome addition to the Year Book. While on this subject, it is interesting to note that, contrary to the outcry of certain sections of insurance interests, Section 27 is not really such a hardship as is being made out. Thus, although the maximum amount that may be held in non-approved investments under Section 27A is about Rs. 29 crores, the amount actually held has been less than Rs. 6 crores. This is perhaps an aspect of the matter which will engage the attention of the Shroff Committee. Probably, an explanation for this is to be found in the fact that there is a limit for investment of an insurers' fund in individual companies. Even if there is an outlet for good investment in a particular company, because of certain restrictions, an insurer may not be able to go in for more of it. To this extent, the freedom of the insurer in making his investment is restricted, but perhaps that cannot be helped, for even the best insurers have to suffer in the company of their bad brothers. This explains why, in the latest Year Book, the Controller has made a pointed reference to the fact that there are still many insurers whose investments contravene the provisions of the Act, although Section 27A has been in force for four years now. Here doubtless is the explanation for the reluctance of the authorities to view the request of some insurers who repeatedly come up for exemptions. As had been suggested by me on an earlier occasion—and I suppose the Shroff Committee will also make some such suggestion—the only way in which funds of insurance companies can be made available to finance this country's industrialisation without any such risk is to have a sort of a national investment board controlled by the best and most representative spokesmen of the insurance interests themselves under the advice of, say, an investment expert.

It has been possible for me only to give my first reactions to the contents of the Insurance Year Book in this despatch, but I hope to revert to the subject at some length in a subsequent issue or issues.

DISTRIBUTION OF SUGAR IMPORTS

By
CROESUS

Up to the time of writing, no decision would appear to have been taken by the Government of India as to the manner of distributing imported sugar. Some time ago, it was reported that the Union Government had decided to change the prevailing system of distributing imported sugar on the basis of tenders at a fixed price, tenders being received from all and sundry. The trade naturally complained that this led even the passer-by in the street to submit a tender and make a little profit on whatever quota he got (all tenderers got a quota on a 'pro rata' basis) and thereby resulted in loss of business to established traders. The Government, on its part, has apparently found out by now that it cannot handle the large-scale import business which it has taken upon itself.

When the Government of India desired a change, as stated above, it naturally thought of adopting the Calcutta system where the distribution of imported sugar was left to the trade association for a consideration. Sensing this, the Bombay Sugar Merchants' Association Ltd. naturally wanted to be the agency for this part of India for distributing imported sugar. But the squabbles among the members of this Association and the allegations against the Association's distribution system in the years 1942 and 1949 have apparently gone against the Association's claim and a new syndicate was suggested for the purpose. But the idea of a new body was considered to be only the lesser of the two evils, inasmuch as it would result in the creation of a new middleman which meant a higher price to the consumer. Under this scheme, the cost of imported sugar in the interior, it was feared, would be still higher, as the interior trader would be called upon to pay sales tax and purchase tax to the Syndicate. This, in turn, would lead to higher ex-mill prices for even indigenous sugar in the interior.

In view of all these complications, a seemingly practicable suggestion has been made by some established sugar interests. These people suggest that, if it is the object of the Government to ensure that imported sugar is handled only by people long established in the trade, the best course would be for the Government to compile a list of genuine wholesale traders and large-scale consumers and accept tenders for imported sugar from only such people. For purposes of distribution of imported sugar, these parties might be regarded as, say, approved dealers. Another suggestion, also made by the same section of sugar interests, is that the Government could store the imported sugar and sell it in large lots, of say, five tons as in the case of wheat. This, it is felt, would eliminate all and sundry from submitting tenders.

As regards the basis for the allocation of shares among these approved dealers, the 'pro rata' basis under the existing system is rejected. Instead, it has been suggested that the allocation should be on the basis of the turnover of each approved dealer during the past year or during the best year over a period of some three or five years. In short, this section of sugar interests does not want either the Bombay Sugar Merchants' Association Ltd. or a syndicate in which the Association has the final say in the matter of distribution to be entrusted with the business of distributing imported sugar. It remains to be seen how the Union Food Minister will solve this tangle, unless it be by abandoning all controls on the sugar industry and trade.

THE EASTERN ECONOMIST

(Subscription Rates)

	Payable in advance India	Foreign
	Rs.	Rs.
Annual	50	66
Half-yearly	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9/- per year.

Foreign air rates on application. Offices in New York, London, and Tokyo.

Manager,
THE EASTERN ECONOMIST LTD.,
52, Queensway,
NEW DELHI.

A HINDUSTAN TIMES PUBLICATION

INTERNATIONAL SHORT STORIES

A collection of 41 selected stories from among those entered for the recent World Short Story Competition and the national competition held in India.

This book contains those five stories which shared the world prize of $5,000, including the now famous Indian story "Cyclone" which won $800.

TWENTY-THREE countries of the world and all the major regional languages of India are represented.

* Full Cloth Binding
420 Pages

Attractive Jacket *
Price Rs. 8/-

POSTAGE EXTRA

THE HINDUSTAN TIMES
NEW DELHI

BUSINESS NOTES

STORES PURCHASE POLICY

The Stores Purchase Committee which is engaged at present in collecting evidence will no doubt keep two fundamental objectives in view in recommending rationalisation of the purchase policy. They are greater patronage to indigenous supplies on appropriate terms and economy in expenditure over imported supplies. The representatives of the Federation of Indian Chambers of Commerce and Industry led by its new President, Mr. B. M. Birla, urged adherence to these objectives. The suggestions which they made on procedural matters were intended to avoid delay and higher cost to the government purchasing departments.

Lack of a well-conceived purchase policy, particularly where large-scale orders for foreign supplies are concerned, is clearly evidenced in the improvised technique of sending one or two-man delegations abroad in post haste. It has surely caused the exchequer considerable waste of money over supplies of machinery and materials for projects under the development plan. Such deputations seemingly secure the benefit of direct personal negotiations, but they restrict almost invariably the field of competitive bidding. In other transactions too the existing policy and procedure involve much avoidable waste. The Federation's proposal is to set up a central purchasing organisation to co-ordinate the work of the various purchasing authorities. At the same time, it rightly concedes the need to provide for cases where time is of the essence of the transactions. To avoid rigidity and red-tapism, it further concedes that decentralisation should be allowed in matters of items of daily use as well as in respect of routine business of regional offices.

On matters of more fundamental and long-range issues, the Federation's recommendations are motivated by a desire to strengthen close bonds of liaison between the Government and industry. It urges the creation of a machinery of industrial panels, with advisory powers, to evolve in conjunction with the purchasing departments the possibilities of enlarging the indigenous sources of supply or of establishing new ones. Large-scale orders for railway, river valley and a host of other big projects provide a very fruitful opportunity for stimulating domestic industry. The price preference which the Federation is willing to suggest in the case of cottage and small-scale industries is indicative of the new outlook of organized industry to foster this essential component of India's economy. By another reasoning, calculated to compensate for the belated start of Indian industry and to offset the consequent disadvantage of competitive strength, it suggests a normal price preference up to 25 per cent in the case of home supplies over foreign bids.

COAL AND TRANSPORT

The causes of the set-back to the progress of the coal industry in 1953 do not call for a new analysis. The lack of progress is due to the absence of redress of the difficulties which have existed for quite a long time. The key to their solution, however, is to be found principally in a solution of the transport difficulties. Mr. Maulik's review at the annual general meeting of the Indian Mining Association could not avoid pointed reference to the problem of transport, since release from restrictive controls is largely dependent on transport facilities. In 1953 there was a decline in coal output after the lapse of a long period, but it is surely erroneous to presume that this is because of a decline in the domestic demand. The real magnitude of the requirements of coal in this country has not been assessed correctly as the transport factor has operated to introduce the element of uncertainty. The country's potential markets, except in Eastern India, have not been developed and even the known demand for soft coke cannot be met so long as the limitations of transport continue to operate. The expansion of railways under the Five-Year Plan could not, due to preoccupation with rehabilitation, proceed in the direction of expansion of line capacity and availability of wagons.

One of the important causes of recurring shortages of transport for coal, however, is the execution of the schemes of rationalisation and in this context it is pertinent to remember that the Railway Ministry's review of regrouping reveals that the decline in movements of coal in 1952-53 is partly due to these schemes. Their apparent object is to prevent waste of transport capacity by eliminating cross movements and supplying consumers from the nearest possible sources of supply. But even this object has not been realised and on the contrary it is now conceded that the working of these rationalisation schemes has operated to the detriment of coal movement. On merit, however, this object of conserving transport capacity cannot carry conviction since it inevitably interferes with the choice of the consumer to get the coal from the sources he deems suitable. These facilities are necessary for the development of the coal industry and satisfaction of a wide range of industries for fuel. The net effects of the existing transport policy on the coal industry, in the words of Mr. Maulik, are that rationalisation puts restrictions on it, impedes despatches of coal and upsets long-established relations between collieries and consumers.

NEW PRICE FOR FERTILIZER

The new policy for retail price for sulphate of ammonia, which was announced by the Government of India on March 15, makes a significant advance in the distribution of this fertilizer on a larger scale in the countryside. As the Government Press Note on the subject announces, the delivery price of the fertilizer has been fixed at Rs. 315 per ton f.o.r. works and at the same rate on the basis of freight paid to railhead destination in the case of consignments supplied to the State Governments. This delivery price has been settled on the distinct understanding that the State Governments would undertake the obligation to ensure that the retail price to be charged to the cultivator will be Rs. 345 per ton. This price has been brought into operation from January 19, 1954, in general cases, but in the case of distributors who are allotted supplies for the requirements of tea and coffee estates the price is to be effective from March 15, the date of its formal announcement.

As against the prevailing retail price varying as widely as between Rs. 350 and Rs. 450 per ton, the new price makes a substantial reduction of over Rs. 100 per ton. Intensive cultivation should now receive a great stimulus from the lower price for the tiller and in particular the benefit should go to irrigated crops and paddy under the Japanese method of cultivation. The uniform retail price throughout the country was a logical corollary to the pooling for distribution of the output of Sindri and Travancore Fertilizers. It not only means that the equalization fund which is receiving progressively larger accretions from improved production cost at Sindri would go to offset the difference between the selling price and the retention price for Travancore Fertilizers, but it would further be utilised to subsidize the freight and handling costs of the State Governments and subsequent intermediaries. The final benefit is being conveyed where it should really reach—to the actual consumer.

EXPANSION OF GLASS INDUSTRY

The glass industry has followed lines of expansion in the past which indicate regulation of development in the future in the direction of balanced expansion. The annual capacity of the industry has reached 250,000 tons, but actually only about 40 per cent of it is used and 60 per cent is just lying idle. Expansion of the industry, therefore, must concentrate on the utilisation of capacity not pressed into service. Ordinarily, no encouragement need be given to the establishment of new factories if their purpose is to produce the varieties of glass which are already being produced by the existing units. New units would be justified where new products are to be manufactured. In this category are included articles like plate glass, optical glass and the like. There is also inadequate manufacture of quality containers suitable for mechanical automatic filling and in this sphere indigenous producers can look forward to a good market to replace imports. This outlook only establishes the basic trend in future development, namely, that new requirements should be satisfied by diversion of the existing available capacity and additional factories should be established where such diversion is not feasible.

The major flaw which the indigenous industry ought to remove to qualify itself for fuller home patronage is quality of products. Not only quality but finish also leaves much room for improvement. This is necessarily a problem of strict supervision of manufacturing processes, avoidance of ambition to produce a wide range of glassware in the same factory and above all of testing arrangements. Facilities for testing and grading by means of analysis of raw materials exist on an elementary scale only—rather they do not exist. The whole issue of quality production is linked up, apart from the vital work of testing, with employment of properly qualified technicians and facilities for their training at a factory level. These problems are basic to the growth of the industry on really healthy lines. Most other handicaps which arise from the Government's industrial and labour policy can be discussed with the Development Wing of the Commerce and Industry Ministry. The assurance given in this behalf by the Union Minister of Commerce can be availed of by bringing home specific grievances for redress.

RELIEF FOR CONFECTIONARY

The trends in the output of the confectionary industry have caused quite reasonably a feeling of concern for its sustained progress in the near future. The monthly averages of output are shown below:

War and Immediate Post-war period	770 Tons
1952	720 „
1953	552 „

The gap between installed capacity, which has been assessed by the Government at 4,400 tons per month, and actual production is widening progressively. The comparatively higher rate of production during the war was attributable to the special demand of the defence services and the marginal availability of imports. It appears that this industry, established during the war, has invested considerable capital in plant and machinery. Heavy investment followed by declining offtake of its products has created problems of a grave magnitude for it. Comparable statistics of the consumption of confectionary in Western countries are not necessary to establish the fact of low consumption in India. It is plain that the bias in this country for conventional sweets will stay. Nevertheless, confectionary is gaining popularity in urban areas as well as in the countryside. In the neighbouring countries also a similar change in habit is noticeable. A stimulus to this new habit can be provided by lowering the price of confectionary. The reliefs, therefore, which are asked for on behalf of the industry are on the following lines:

(a) Restriction of imports.

(b) Rebate of the Central excise duty on sugar and the cane cess levied by the States on sugar in confectionary manufacture on the analogy of rebate of local taxes for confectionary industry in foreign countries.

(c) Drawback of import duty on glucose, cellophane paper, essences, and so forth, expeditiously by the adoption of a simplified formula of averages.

Mr. Khanchand Pamnani has explained the voluntary measures taken by the industry to enforce quality standards in production. The emphasis in his presidential speech at last week's annual meeting of the Indian Confectionary Manufacturers' Association, however, was on prompt relief to prevent further closures of units in the industry.

RATIONALISATION OF AIR SERVICES

It would appear from the information supplied by Mr. Raj Bahadur, Deputy Minister for Communications, in the Council of States that in the initial period that has elapsed so far India's nationalised air services have not changed their operational structure. This was probably because of the manifold problems which integration has brought in its train. But Mr. Raj Bahadur explained that the existing set-up of the line system needed alteration and if things go according to expectation, it would be possible to introduce in the course of the next three months the first phase of the reorganisation of internal air services. But since reorganisation by itself is unlikely to improve matters on an adequate scale the intention of the Ministry appears to be to launch upon a scheme of rationalisation. The gap of Rs. 30.44 lakhs between the expenditure of the Indian Airlines Corporation of Rs. 235.06 lakhs and revenue of Rs. 204.62 lakhs in the first four months of nationalised operation is expected to be eliminated in the course of a period of two years. However, a rough idea of the implications of financial management can be obtained after operation over a long period, possibly after the first year. The issues to be tackled point out the advisability of rationalisation and this approach is accepted by the Ministry.

Provision for capital expenditure, however, is being made in the next financial year with emphasis on the expansion and modernisation of the external services. The Air India International's projected plan is to increase the frequency of services to the U.K. and East Africa and their extension to the U.S. as also to Australia, Japan and Hong Kong. Next year's budget of the Union Government has made a provision of Rs. 4.49 crores for aircraft purchase and other capital expenditure of Air India International. The capital expenditure schemes of the Indian Airlines Corporation call for much smaller outlay for which a budget provision of Rs. 1.60 crores is deemed adequate.

I.M.F. CHARGES

The schedule of charges on International Monetary Fund transactions which had been in force for transactions effected from December 1, 1951 to December 31, 1953 was revised by the Executive Board of the Fund on December 23, 1953. The new schedule, which applies to transactions effected in 1954 and which must be reviewed by the Executive Board before December 31, 1954, is reproduced in the following table.

OLD AND NEW CHARGES ON FUND TRANSACTIONS

Old Charges (Dec. 1951-Dec. 1953) New Charges (1954)

Charges on Use of Fund Resources for Each Period in which Fund Holdings of a Member's Currency Exceed its Quota by:

	0-25%	25-50%	50-75%	75-100%	0-50%	50-75%	75-100%
Service charge ..	.5	.5	.5	.5	.5	.5	.5
0-3 months ..	0	1	1.5	2	0	0	0
3-6 months ..	0	1	1.5	2	2	2	2
6-12 months ..	1	1.5	2	2.5	2	2	2.5
1-1½ year ..	1.5	2	2.5	3	2	2.5	3
1½-2 years ..	2	2.5	3	3.5*	2.5	3	3.5
2-2½ years ..	2.5	3	3.5*	4	3	3.5	4 *
2½-3 years ..	3	3.5*	4	4.5†	3.5	4 *	4.5
3-3½ years ..	3.5*	4	4.5†	5 †	4 *	4.5	5 †
3½-4 years ..	4	4.5†	5 †		4.5†	5 †	
4-4½ years ..	4.5†	5 †			5 †		
4½-5 years ..	5 †						

* At this point the Fund and the member are obligated to consult on means to reduce the Fund's holdings of the member's currency.

† Maximum charges. The Fund has discretion to make lower charges.

EXPORT OF KYANITE

The Government of India has reviewed the policy with regard to the export of Kyanite for the year 1954 and has decided to give to established shippers and mine-owners allotments equal to those made to them during the year 1953. Intending exporters are advised to apply to Export Trade Control authorities at the ports for their allotments. Mine-owners, who complete export of allotments made to them during the year, may also apply for additional quantity, which will be considered on merits.

Mine-owners, who did not receive any export allotments during 1953, but would like to enter the export trade, should submit their applications to the Chief Controller of Exports, New Delhi, by April 15, 1954, with documentary evidence to show: (i) Quantities actually mined by them during the year 1953; (ii) Quantities sold with particulars of sale; and (iii) The Royalty paid to the State Government.

FEE FOR CAPITAL ISSUE APPLICATIONS

A Government Press note states: In February, 1952, while extending the duration of the Capital Issues (Continuance of Control) Act, 1947, up to the end of March 1956, Parliament also passed an amendment to section 12 of the Act authorising "the levy of fees on applications made to the Central Government for its consent". It has now been decided, in consultation with the Capital Issues Advisory Committee, that a fee of Rs. 50 should be levied on all applications for (i) the consent of the Central Government to the issue of capital under the provisions of the Act, (ii) any alteration in the terms and conditions of a consent previously given by the Central Government or any extension of the period of validity for which such consent was given; (iii) the regularisation of the issue of any capital made without the prior consent of the Central Government; and (iv) the consent of the Central Government under the Act in respect of any matter not specifically mentioned in the foregoing.

All applications made after April 1, 1954, will, therefore, have to be accompanied by the requisite fee of Rs. 50. The application must also contain a reference to the details of the challan under which this fee has been deposited. Applications which do not contain proof of payment of fee will not be eligible for consideration.

IRON AND STEEL SCRAP PRICES

The Government of India has revised the statutory selling prices of iron and steel scrap with effect from March 22, 1954. The revision has been made with a view to rationalising the prices of different classes of scrap with reference to the prices of corresponding categories of standard material, the uses to which they can be put and their availability in relation to the demand. The prices of certain categories have been reduced, while the prices of certain others have been increased. In the case of melting scrap prices the change proposed is only in respect of the basis of sale, i.e., from f.o.r. main ports basis as hitherto to ex-site basis which means that the freight will have to be borne by the buyer. Another change is that while the place extras in force for standard steel will apply to fresh unused defectives and cuttings only, all other varieties of scrap (except melting scrap) will be subject to the lower place extras in force for pig-iron. The object of this revision is to ensure that the availability of scrap, particularly for re-rollers and for electric furnace owners, improves.

IMPERIAL BANK OF INDIA

FOREIGN EXCHANGE BUSINESS OF ANY DESCRIPTION UNDERTAKEN

Local Head Office
CALCUTTA - BOMBAY - MADRAS
and Over 400 Branches and Sub-Offices throughout India, Pakistan, Burma and Ceylon.
London Office
25, Old Broad Street

COMPANY AFFAIRS

THE BANK OF MAHARASHTRA LTD.

The working results of the Bank of Maharashtra Ltd. for the year ended 31st December, 1953, show all-round progress. Deposits have increased by nearly 23 per cent from Rs. 281.63 lakhs as at the end of 1952 to Rs. 349.31 lakhs at the end of the year under report. Major advance has occurred in "fixed deposits" which have increased from Rs. 77.36 lakhs to Rs. 117.81 lakhs. Savings bank deposits have gone up from Rs. 121.72 lakhs to Rs. 141.93 lakhs and current accounts have registered a comparatively smaller increase of Rs. 7.03 lakhs from Rs. 82.54 lakhs to Rs. 89.57 lakhs.

Investments and advances have also, in line with deposits, taken an upward trend. Investments have improved from Rs. 121.40 lakhs to Rs. 139.68 lakhs while advances have advanced from Rs. 141.06 lakhs to Rs. 176.23 lakhs.

Because of increase in deposits, mostly fixed and saving, the interest paid on deposits has improved from Rs. 4.23 lakhs to Rs. 5.28 lakhs and owing to increase in advances, the earnings (interest and discount) have improved from Rs. 11.12 lakhs to Rs. 13.17 lakhs.

The profit and loss account shows a net profit of Rs. 2.89 lakhs as against a profit of Rs. 2.55 lakhs in 1952 and Rs. 2.40 lakhs in 1951. The directors have maintained the dividend at 5 per cent per annum. The table below outlines the progress of the bank during the last three years:

Year ended 31st December	1951 (Rs. lakhs)	1952 (Rs. lakhs)	1953 (Rs. lakhs)
(a) Deposits:			
Fixed deposits ..	69.93	77.36	117.81
Savings bank deposits ..	112.92	121.72	141.93
Current accounts, contingency accounts, etc. ..	77.46	82.54	89.57
TOTAL ..	260.31	281.63	349.31
(b) Investment at cost ..	97.76	121.40	139.68
(c) Advances ..	143.16	141.06	176.23
(d) Interest paid on deposits, etc. ..	3.92	4.23	5.28
(e) Interest and discount earnings ..	10.17	11.12	13.17
(f) Net profit (subject to taxation) ..	2.40	2.55	2.89
(g) Provision for taxation ..	1.10	1.20	1.47
(h) Transfer to reserve fund ..	0.48	0.51	0.84
(i) Dividend rate per cent per annum ..	5	5	5

THE BUCKINGHAM AND CARNATIC CO., LTD.

The Directors' Report of the Buckingham and Carnatic Co., Ltd., (Managing Agents: Binny & Co., Ltd.) for the year ended 31st December, 1953, discloses a very impressive improvement in net profit as compared with the year 1952. Net profit which was Rs. 41.86 lakhs in 1951, and had dropped to Rs. 8.13 lakhs in the year 1952, owing to a severe crisis in the cotton textile industry in that year, has advanced to Rs. 87.97 lakhs in the year under report. The figure for sales also shows improvement from Rs. 632.85 lakhs to Rs. 856.07 lakhs.

The profit and loss account shows a substantial fall in raw materials consumed (including stores) from Rs. 552.07 lakhs to Rs. 434.89 lakhs. Wages and salaries, however, have kept an upward trend from Rs. 167.37 lakhs in 1951, to Rs. 185.46 lakhs in 1953. The increase in profits has helped the Directors to enhance the provision for depreciation to Rs. 17.89 lakhs as against Rs. 11.70 lakhs in 1952. Rs. 37.25 lakhs have been provided for taxation as against nil in 1952. The ordinary dividend rate per cent per annum has been, therefore, increased from 4 per cent to 10 per cent. The salient features of the progress of the Company during the last three years are summarised in the table below:

(In lakhs of rupees)

Year ended 31st December	1951	1951	1953
Sales ..	885.60	832.85	856.07
Stocks ..	67.53	95.43	84.53
Raw materials consumed (Including stores) ..	584.58	552.70	434.89
Wages and salaries ..	167.37	181.74	185.46
Net Profit ..	41.86	8.13	87.97
Provision for depreciation ..	11.53	11.70	17.89
Provision for taxation ..	25.00	Nil	37.25
Transfer to general reserve ..	Nil	5.50	6.00
Ordinary dividend rate per cent per annum ..	7½	4	10

THE GOKAK MILLS LTD.

The profit and loss account of the Gokak Mills Limited for the year ended 31st December, 1953, shows a sizable improvement in net profit (before providing for depreciation and taxation) from Rs. 7.06 lakhs in 1952, to Rs. 16.36 lakhs in the year under report. Sales have, however, dropped from Rs. 184.19 lakhs to Rs. 173.79 lakhs. The raw materials consumed show a decline of more than Rs. 5 lakhs while the bill for wages and salaries shows a marginal increase. The Directors have stepped up the provision for depreciation from Rs. 2.50 lakhs to Rs. 3.50 lakhs and the provision for taxation from Rs. 1.75 lakhs to Rs. 6.25 lakhs. No allocation has been made to the equalisation of dividend account in the year under review as against Rs. 1.5 lakhs in the preceding year. In 1952, a dividend of 12 per cent was paid in addition to a 5 per cent bonus. This year the dividend has been maintained at 12 per cent per annum without any bonus. The table below summarises the progress of the company during the last three years:

(In lakhs of rupees)

Year ended 31st December	1951	1952	1953
Sales ..	168.45	184.19	173.79
Stocks ..	42.07	21.39	16.60
Raw materials consumed ..	129.27	110.80	105.58
Wages and salaries ..	25.18	26.42	27.09
Net profit (Before providing for depreciation and taxation) ..	17.99	7.06	16.36
Provision for depreciation ..	2.25	2.50	3.50
Provision for taxation ..	7.50	1.75	6.25
Equalisation of dividend account	Nil	1.50	Nil
Transfer to reserve account ..	0.71	..	0.23
Ordinary dividend rate per cent per annum	14	17*	12

* Includes bonus of Rs. 5 per share.

THE TITAGHUR PAPER MILLS COMPANY LIMITED

The working results of the Titaghur Paper Mills Company, Limited, for the half-year ended 30th September, 1953, show a slight decline in total sales from Rs. 284.32 lakhs for the half-year ended 31st March, 1953, to Rs. 281.31 lakhs during the half-year under review. The figures for stocks, however, are slightly higher at Rs. 5.71 lakhs as against Rs. 4.56 lakhs. The bill for salaries and wages shows an increase of more than Rs. 2 lakhs, while gross profits show a loss of nearly Rs. 4 lakhs. The Directors have, therefore, scaled down the provision for taxation from Rs. 21 lakhs to Rs. 20 lakhs and provision for depreciation from Rs. 10.49 lakhs to Rs. 6.70 lakhs. The Ordinary Dividend rate has been maintained at 10 per cent per annum.

The working of the Company during the last two half-years is summarised in the table below:

(In lakhs of rupees)

Half-year ended	30-9-1953	31-3-1953
Sales	281.31	284.32
Stocks	5.71	4.56
Manufacturing Expenses	163.61	162.92
Salaries and Wages	52.19	49.78
Gross Profit	60.09	63.90
Provision for taxation	20.00	21.00
Provision for depreciation	6.70	10.49
General reserve	3.00	3.00
Reserve for labour quarters and labour welfare	2.00	2.50
Reserve for taxation contingencies	1.90	1.75
Reserve for replacement and development	9.50	9.50
Reserve for dividend equalisation fund	1.00	1.00
Ordinary dividend rate per cent per annum	10	10

BANK OF BARODA LTD.

The forty-fifth annual report of the Bank of Baroda Ltd. for the year ended 31st December, 1953, shows an increase of Rs. 168.76 lakhs in total deposits as compared with the year 1952. Fixed deposits have registered a sharp rise of Rs. 184.54 lakhs from Rs. 13,66.58 lakhs to Rs. 15,51.12 lakhs. Increase in deposits is accompanied by increase both in advances and investments. Advances have improved by more than Rs. 3 crores.

Interest earnings, however, show a decline of nearly 5 lakhs of rupees from Rs. 108.43 lakhs in 1952, to Rs. 103.24 lakhs in 1953. Interest paid on deposits, borrowings etc. has also dropped by nearly Rs. 3 lakhs, from Rs. 46.41 lakhs to Rs. 43.75 lakhs. The net profit, therefore, stands reduced from Rs. 25.09 lakhs to Rs. 22.45 lakhs.

No transfer has been made to the reserve fund, but Rs. 3.00 lakhs have been provided for depreciation and Rs. 1.50 lakhs have been transferred to the investment account. The dividend has been maintained at 11 per cent per annum, inclusive of a bonus of Re. 1 per share.

The table below brings out the chief features of the working of the bank during the last three years:

(In lakhs of rupees)

Year ended 31st December	1951	1952	1953
Deposits and other accounts			
(i) Fixed Deposits	13,89.55	13,66.58	15,51.12
(ii) Savings Bank Deposits	5,97.97	5,51.51	5,47.47
(iii) Current Accounts, Congency Accounts, etc.	11,44.63	9,99.03	9,87.29
TOTAL	31,32.15	29,17.12	30,85.88
Investments	11,05.80	10,96.09	11,62.05
Advances	19,20.06	14,56.79	17,98.74
Interest paid on deposits, borrowings, etc.	31.97	46.41	43.75
Interest and discount earnings	97.82	1,08.43	1,03.24
Net Profit (subject to taxation)	28.06	25.09	22.45
Provision for taxation	3.50	3.00	3.00
Transfer to Reserve Fund	7.00	Nil	Nil
Transfer to Bank's Investment Account	3.00	4.50	1.50
Dividend rate per cent per annum	10	10	10
Bonus rate per cent per annum	1	1	1

THE HIND BANK LTD.

The profit of the Hind Bank Ltd. for the year 1953, subject to audit, including the amount brought forward from the last year's account is Rs. 8,77,223. Out of this sum, the directors have made the following appropriations:

	Rs.
Provision for taxes	3,86,000
Transferred to Reserve Fund	2,00,000
Bonus to staff	40,000
Balance	2,51,223

The directors have recommended dividend at the rate of Rs. 1-8- per share free of income-tax, which would absorb Rs. 1.50 lakhs, leaving Rs. 1,01,223 to be carried forward to the next year's accounts.

THE
UNITED
COMMERCIAL
BANK LTD.
Head Office : CALCUTTA.
PAID-UP CAPITAL :
Rs. 2 CRORES.
RESERVE FUND :
Rs. 80 LACS.
The Bank receives deposits, gives advances against approved securities, purchases bills, sells drafts and telegraphic transfers and transacts all types of Foreign Exchange business. Through its internal and external net-work of branches and world-wide arrangements it provides every kind of banking service.
G. D. BIRLA
Chairman.
B. T. THAKUR
General Manager.
INVEST IN OUR
3-YEAR
Cash Certificates
ASP
UC-2/54

COMMODITY NEWS AND NOTES

GLASS AND CERAMICS

Mr. D. P. Karmarkar, Union Minister of State for Commerce, said recently that the Indian glass industry was at the crossroads and there was greater need now than ever before to regulate its future development. Indian glass industry had not only attained self-sufficiency in some major fields but had also explored new fields. Nevertheless, much progress was still called for, and there existed certain inevitable drawbacks. The industry has developed mostly on cottage semi-automatic manufacturing methods. The consumers who required quality containers for use in automatic filling-machines still look to imports for at least a part of their requirements. Large quantities of penicillin vials, sheet and plate glass, laboratory and heat resisting glassware have to be imported to supplement indigenous production. There is need to set up manufacture of optical glass, glasswheel, plate glass, etc.

The total annual capacity of the Indian glass industry, he said, was roughly 250,000 tons. But not more than forty per cent of it was being utilised. Future development of the industry would have to be carefully regulated and setting up of additional capacity discouraged unless new items calling for special techniques are to be taken up for production. Some defects in quality are due to manufacturing methods but others like poor finish could be easily removed by careful control over manufacturing operations. Very few manufacturers have testing facilities. The industry should evolve a process for training their own technicians. He referred to a Committee set up by the Development Wing of the Union Commerce Ministry for development of glass industry, and it was open to the industry to make suggestions for consideration of the Committee.

THIRD ESTIMATE OF COTTON FOR 1953-54

According to the Directorate of Economics and Statistics, Ministry of Food and Agriculture, Government of India, the all-India third estimate of cotton for 1953-54 puts the current year's acreage and production at 15,053,000 acres and 3,266,000 bales (of 392 lbs. each), as against the adjusted third estimate of 13,672,000 acres and 2,487,000 bales respectively for 1952-53.

The current year's estimate, therefore, shows an increase of 1,381,000 acres or 10.1 per cent in area and 779,000 bales or 31.3 per cent in production over last year. The increase in acreage during the current year has been shared by almost all the cotton-growing States and is due to timely and sufficient rains received at the sowing time. Bombay, Madhya Pradesh, Hyderabad, Madhya Bharat and Mysore have reported large increases in area. A slight decrease in area has, however, been reported from Uttar Pradesh. The increase in production has also been reported by almost all the cotton-growing States. It is, however, more marked in Bombay, Madhya Bharat, Madhya Pradesh, Hyderabad, Saurashtra, Madras and the Punjab. The increase is due partly to the increase in acreage and partly to favourable weather conditions. P.E.P.S.U. and U.P. have, however, reported some decline in production. As between the different varieties of cotton, the increase in production has occurred mostly in Americans, Jarilla and Malvi. As regards staple-lengths, the increase is significant in the case of long and medium-staple cottons.

The information given in this estimate relates generally to the period up to the middle or end of November 1953. Till then, the condition of the crop was reported to be generally satisfactory except in parts of Madhya Pradesh and Hyderabad, where the standing crop was affected by the shedding of buds and bolls due to untimely rains and heavy mist. This estimate does not cover the entire area sown to the cotton crop during 1953-54. Past experience has shown that both the area and production at the third estimate stage form roughly 85 per cent of the crop finally reported.

THIRD ESTIMATE OF SESAMUM

According to the Directorate of Economics and Statistics, Ministry of Food and Agriculture, Government of India, the all-India third estimate of sesamum (til or gingelly) for 1953-54 puts the current year's acreage and production at 5,828,000 acres and 516,000 tons as against 5,614,000 acres and 431,000 tons respectively in the adjusted third estimate of 1952-53, thereby showing an increase of 214,000 acres or 3.8 per cent in area and 85,000 tons or 19.7 per cent in production.

The increase in the current year's acreage under sesamum has been reported mainly by Rajasthan, Saurashtra, Madras and Hyderabad and is due to favourable climatic conditions and adequate rainfall at the sowing time. This increase has been offset, to some extent, by the decreases registered mainly in U.P., Bihar and Madhya Bharat due to unfavourable weather conditions. The increase in production has been shared mainly by Rajasthan, Bombay, Madras and Saurashtra due partly to the increase in acreage and partly to favourable climatic conditions during the growing period of the crop. Some decrease in production has, however, occurred in U.P.

The information given in this estimate relates generally to the period up to the end of December 1953. Till then, the condition of the crop was reported to be generally satisfactory. In parts of Madhya Pradesh and Hyderabad, however, the crop was reported to have been affected by continuous and excessive rains in September and October 1953.

This estimate does not contain information in respect of the second crop of sesamum grown in Andhra, Madras, Hyderabad, Madhyabharat, Rajasthan, Saurashtra, Bhopal, and Vindhya Pradesh, which will be reported in the final estimate. Past experience has shown that the area at the third estimate stage forms roughly 95 per cent of the crop finally reported.

TEA EXPORT QUOTA FOR 1954-55

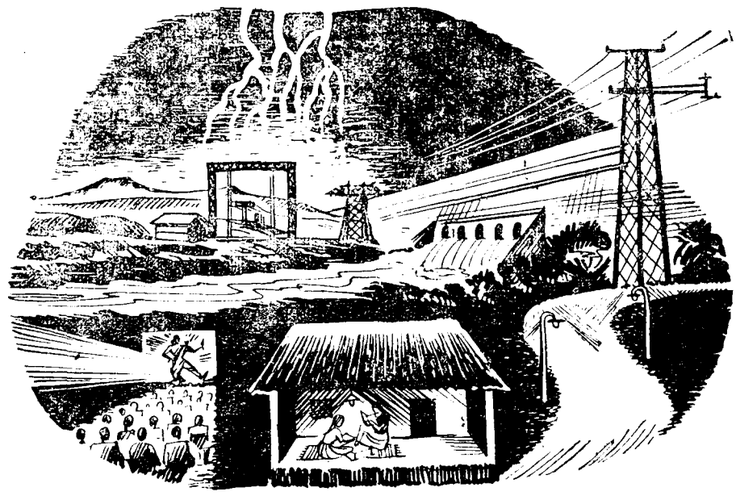
The Indian Tea Licensing Committee announced that arrangements were being made for the release of the first instalment of export quota for 1954-55 to the tea estates during the first week of April. The first instalment is to the extent of 105 per cent of India's standard export figure which amounts to 348,246,170 lbs.

COTTON FOR PETROLEUM AGREEMENT

Egypt, Russia and Rumania signed a £3,090,000 cotton for petroleum barter agreement recently. Russia and Rumania will supply Egypt with 3,50,000 tons of petroleum products at prices 16 per cent below those on the world market. They will use the proceeds to buy Egyptian cotton on the free market.

WORLD SUGAR PRODUCTION

A large production of sugar in the world is forecast for the 1953-54 season (September-August). But sugar production is estimated at 14,919,400 metric tons raw value, against 12,746,209 tons in the 1952-53 season. Cane sugar production is put at 22,557,400 metric tons against 21,358,731 tons in 1952-53. World production of cane and beet contrifugal sugar is therefore put at 37,476,800 metric tons against 34,104,940 in 1952-53 and 27,142,095 in pre-war, 1937-38. World production of non-centrifugal sugar (chiefly in India, Pakistan and China) is estimated at 6,125,000 tons against 6,025,000 in the previous season. The grand total of centrifugal sugar and non-centrifugal sugar converted to a centrifugal basis, is accordingly, 40,539,000 metric tons, against 37,117,940 in the 1952-53 season.



PROSPERITY GENERATOR

A mere drop of water when harnessed by engineering science with other drops of water can run power generating plants that will spell progress and prosperity for the nation.

Your rupee when invested in National Savings and pooled with other rupees can build power generating plants which can convert the precious drops of water into prosperity-begetting production power.

Save and invest in

These Guaranteed Securities

NATIONAL SAVINGS CERTIFICATES	Rs. 150 for Rs. 100 in 12 years.
TEN-YEAR TREASURY SAVINGS DEPOSITS	3½% Interest paid annually and capital secured for 10 years.
POST OFFICE SAVINGS BANK DEPOSITS	2% Interest added on deposits up to Rs. 10,000/- (on deposits up to Rs. 20,000/- in the case of joint accounts)

INTEREST EARNED IS FREE OF INDIAN INCOME-TAX

MORE LIGHT AND POWER FOR EVERYONE'S BENEFIT

Help India's Prosperity Plan

For further information and/or rules governing these investments please write to the National Savings Commissioner, Gorton Castle, Simla-3, or the Regional National Savings Officer of your State.

A.C. 515

COMPANY MEETING

THE INDIAN IRON AND STEEL COMPANY LIMITED

Speech delivered by the Chairman, Mr. T. Leslie Martin, at the adjourned Annual General Meeting of the shareholders held on 10th March, 1954, dealing with the year ended 31st March, 1953.

Gentlemen,

The most outstanding events during the last financial year were the completion and coming into effect of the merger and the finalisation of our loan agreements with the World Bank and the Government of India. In my speeches at the last Annual General Meetings of the Indian Iron and Steel Company and the Steel Corporation of Bengal, and in the circular letters addressed to the shareholders of the two Companies in 1952, the history of the merger and the loans, their implications and their effect on the immediate and future prospects of the great scheme of extensions, which thereby became possible, were fully explained to you. In the Directors' Report which has been in your hands for some days, we have portrayed the actual consequences of these two events on the financial structure of the Company and the trading results. It is, therefore, not necessary for me to dilate on these topics at any length.

The previously issued capital of Rs. 1,50,00,000 in Preference shares and Rs. 2,55,25,960 in Ordinary shares has now been increased to Rs. 2,69,95,400 in Preference shares and Rs. 5,18,37,080 in Ordinary shares by the issue of Rs. 1,19,95,400 Preference shares and Rs. 2,63,11,120 Ordinary shares to the shareholders of the Steel Corporation of Bengal in exchange for their holdings.

The Profit and Loss Account may possibly present some difficulty to you in its full understanding and it will perhaps help if I point out that it is necessary to bear in mind that up to the 31st December, 1952, the Indian Iron and Steel Co., and the Steel Corporation of Bengal were trading as entirely separate entities, their relationship being governed by the 1937 Agreement which provided for the supply of Hot Metal and services by the Indian Iron and Steel Company on the basis of cost plus a margin of profit. From the 1st January, 1953, this Agreement ceased to be operative following upon the merger and therefore all such supplies from that date also ceased to constitute inter-Company trading transactions carrying a profit element, and became instead inter-departmental transfers at cost as between the Steel and Iron Sections of the amalgamated concern. You will accordingly find that there is included in the Profit and Loss Account the Indian Iron and Steel Company's normal 20 per cent share of profits of the Steel Corporation of Bengal to the 31st December, 1952, but nothing in respect of the quarter ended 31st March, 1953, since the full gross income and expenditure and, hence, the entire profits of the post-merger Steel Corporation of Bengal from the 1st January, 1953, are incorporated directly in the Account under the appropriate heads. Similarly, the item "Sundry Income" which consists primarily of the value of the services provided under the 1937 Agreement records a decrease from the previous year, since in the present Account it covers not a full year, but a period of nine months only from the 1st April, 1952, to the 31st December, 1952.

The Steel Corporation of Bengal Accounts for the year 1952 are appended to the Directors' Report and have of course been prepared on the pre-merger basis. After providing for depreciation and the rehabilitation allowance as recommended by the Tariff Commission, the Indian Iron and Steel Company's 20 per cent share of profits under the 1937 Agreement, taxation and other commitments and the payment of the full dividend for the year on the Preference shares and a 2½ per cent interim dividend on the Ordinary shares, the balance of net profit of the Steel Corporation of Bengal for the year 1952 has been transferred to the Indian Iron and Steel Company Account in accordance with the provisions of the Iron and Steel Companies Amalgamation Act, 1952.

From the foregoing you will appreciate that the Profit and Loss Account is of necessity by reason of the merger a very composite affair comprising: firstly, twelve months' activities of the pre-merger Indian Iron and Steel Company to the 31st March, 1953; secondly, the profit margins to the 31st December, 1952, receivable from the Steel Corporation of Bengal under the 1937 Agreement which are of course offset by reason of the fact that they have been charged in the 1952 Accounts of the Steel Corporation before arriving at profits for that year taken over; and, thirdly, the trading results in steel of the Indian Iron and Steel Company for the post-merger months of January, February and March, 1953. Since the trading in steel for these three months is additional to the previous activities of the Company, certain additional provisions in respect of the quarter have had to be made. The former normal depreciation charge of Rs. 40 lakhs is accordingly increased to Rs. 50 lakhs by the inclusion of Rs. 10 lakhs being one quarter of the Rs. 40 lakhs' previous annual allocation of the Steel Corporation of Bengal and a sum of Rs. 3,62,000 is set aside for the rehabilitation of the Steel plant at the stipulated rate of Rs. 14,48,000 per annum.

Finally to the net profit as above determined is added the balance of the net profit of the Steel Corporation of Bengal for the year 1952 taken over and after allowance for the dividend payable on the Preference shares, we arrive at the amount of profits available for distribution on the amalgamated Ordinary share capital.

An ad-interim dividend of Re. 1 per share has already been paid to you. Though this has been described as an ad-interim dividend, we made it clear at the time of declaration and have again referred to this point in the Directors' Report that no further recommendation in respect to dividend will be made for this year.

As has been mentioned in your Directors' Report, the realisations on the sale of steel for the months of January, February and March, 1953, have been based on the prices fixed for 1952, since the question of the revised prices to apply as from the 1st January, 1953, is still under the consideration of Government. Pending the adjustment of the income from the sale of steel for those months, it has not been possible having regard to the rights of the shareholders to a reasonable return upon their investment, to place to reserves any amounts other than the stipulated provisions against the rehabilitation of the plant.

The Directors are of the opinion, which I am sure you will share, that it is imperative, in view of the tremendous liabilities the Company has to shoulder in order to carry out the expansion scheme, to set aside as much as possible out of earnings to pay off its commitments as quickly as possible and also to provide for the large sum of finance, approximately Rs. 7½ crores, which it has agreed to contribute from the Company's own resources to supplement the loans granted by the World Bank and the Government of India. As

a commencement and with this object in view, we propose to carry to reserve the net difference after providing for taxation, between the former and the increased retention prices of steel for the three months January to March, 1953. Until we are informed of the decision of the Government of India in the matter we are, of course, unable to compute what this is likely to be.

In the terms and conditions on which the loans by the World Bank and the Government of India have been granted and in their respective amounts, there has been no material departure from what was conveyed to you in my last two speeches and as set forth in the circular letters addressed to you during the course of negotiations. As regards our ability and desire to maintain dividends at a reasonable level, provide the Company's contribution towards the cost of the expansion and to repay the loans in the stipulated instalments, this will depend wholly upon the revised retention prices recommended by the Tariff Commission and sanctioned by the Central Government. So far as we know, no final decision in the matter has as yet been taken. The continued liquidation of our financial commitments will also be governed by the retention prices which are fixed after the scheme of expansion has been completed and brought into economic operation. We hope that the principles by which retention prices were fixed prior to the merger, with such modifications as may be necessary and as may be appropriate and justified by later circumstances, will continue to be applied until both these loans and our other loans have been fully repaid out of earnings. It was on this understanding that the Company agreed to expand its undertaking and was willing to accept the consequent heavy financial liabilities. The Company feels that it is entitled to assume that the Government will, during the continuance of the repayment period of the loans, adhere to the principles laid down in the Report of the Tariff Commission, 1952, and accepted by the Government, viz. :

> "I.I.S.C.O. and S.C.O.B. may be informed that should the Hirapur Iron Works be amalgamated with S.C.O.B., the retention prices of steel produced by the amalgamated concern will be calculated on exactly the same principles as have been applied in the case of Tatas."

which imply that there shall be no departure, to the disadvantage of the Company, from the principles that applied in the case of Tatas prior to the merger.

I shall now refer to the intolerable conditions under which we have had to work during the year 1953. You will all be familiar, from what was published in the Press, with the attitude labour adopted at the Burnpur Works during the major portion of the year, a full eight months to be exact. At first, a "go-slow" strike in the sheet mills was resorted to and this eventually developed into a virtual cessation of work in all departments. This started in January of last year and, as time went on, it became evident that the root cause of the trouble lay in a contest between rival unions, one sponsored by the Bihar Provincial Congress and the other by the West Bengal Provincial Congress. It was, further, manifest that the Management were outside the orbit of the dispute but were freely used by both sides when circumstances were favourable. The Management were in constant and, at times, daily touch with the Central Government and the State Government of West Bengal throughout the whole period and we are not unmindful of their earnest endeavours to bring about a settlement of the dispute. When this failed after every possible means had been explored, it was finally decided with the concurrence of the Central and West Bengal Governments to declare a lock-out on the 24th of August and I would here express our appreciation of the help so readily afforded by the Military Authorities and the West Bengal Armed Police in the precautionary measures that had of necessity to be taken to ensure the personal safety of the staff and the prevention of damage to the plant. The lock-out lasted for some three and a half weeks and apparently brought labour to their senses. It became evident that the contending parties were losing interest in a continuance of the battle and steps were immediately taken by the Management gradually to re-establish normality in the Works and Offices at Burnpur. Since then, and up to the present moment, all has been fair sailing.

It is difficult to assess accurately the loss sustained by the Nation as a result of this unfortunate dispute, but a revealing picture can be drawn from a scrutiny of facts and figures which, to say the least of them, are thought-provoking.

From the time the "go-slow" action commenced at Burnpur in the Sheet Mills on the 18th January, 1953, to the time the lock-out was lifted and normal working conditions restored, no less than 2,373 total productive hours were lost. This represents nearly one-third of a normal year's activities. The resultant output losses in the productive departments, taking the year 1952 as the basis for comparison, are as follows:

Coke	.. .. ..	125,376 Tons
Steel Ingots	.. ..	101,795 ,,

Whilst the "go-slow" strike in the these departments was effective from the middle of June, the trouble in the Sheet Rolling Mills started from the 18th January and the loss of production in the finishing mills on the same basis as above was as follows:

34" Mill	.. .. ..	52,422 Tons
18" Mill	.. ..	45,728 ,,
Sheet Mills	.. ..	41,256 ,,
Galvanising Plant	..	25,317 ,,

In addition, heavy losses in production were sustained in the by-product departments. The loss of approximately 100,000 tons of finished and semi-finished steel to the country had a very serious effect on trade generally and brought about great hardship amongst large and small steel fabricators, small traders and cottage industries throughout the country. The Railways were deprived of a large amount of revenue on the freight of raw materials and finished products.

Having dealt with the loss in production tonnage under various heads, I will now turn to an approximation of the financial losses involved.

The loss of revenue to the company amounted to	Rs. 1,60,00,000
The loss to workers on wages and bonus	,, 30,00,000
The loss to Railways on inward and outward freight	,, 70,00,000

Such is the reign of labour at present and, I would say, political expediency. India's future and prosperity demands an immediate review of the whole system of its handling of the labour question and the institution of laws and regulations which will provide a full day's work for a fair wage. Another point I would like to stress, and a matter greatly to be deplored, is the capture of various unions in the country by divergent political parties. This tends to make the existing confusion more confounded and can only result in a widening of the gap in the relationship between management and labour. If a solution is to be found to correct this state of affairs, it rests with Government.

A moment ago I referred to the loss of revenue incurred by the Company as a result of these unfortunate happenings. The Company have strongly represented their side of the case to Government and at the close of the current financial year, when a proper assessment can be made as to the actual damage entailed

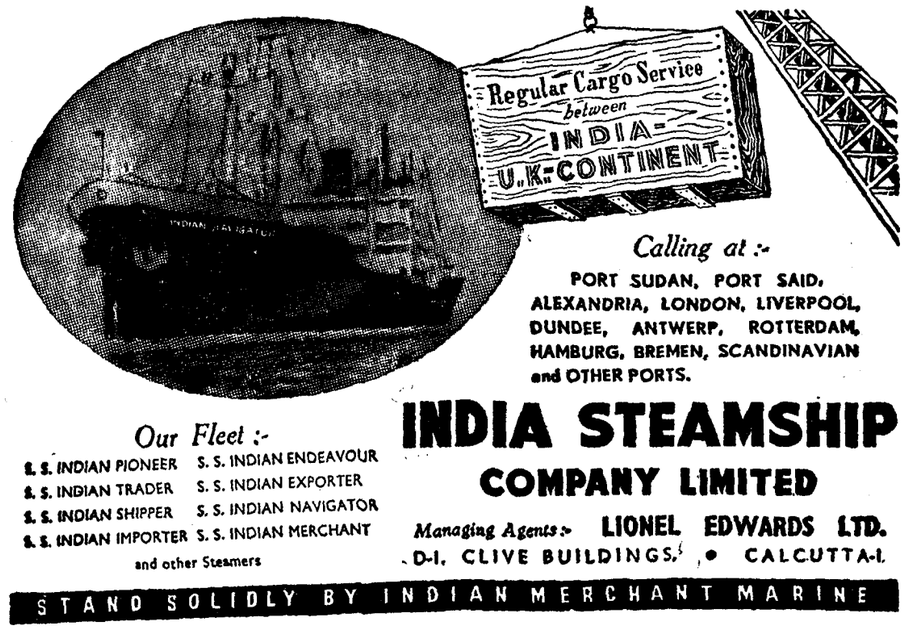
it is to be hoped that Government will not turn a deaf ear to our claims.

The trading results as described in the Accounts and the Directors' Report for the year 1952-53 will, I hope, be considered by you as satisfactory. I would, again, draw your attention to the fact that the accounts include in addition to the normal activities of the Company for the year, the trading of the former Steel Corporation of Bengal for the quarter from the 1st January, 1953, to the 31st March, 1953. In accordance with past practice comparative figures for the previous year are shown, but since these refer to twelve months' pre-merger working no true comparison can be drawn and it will not be until the year ending 31st March, 1955, that it will be possible to compare two full years' detailed trading results of the merged undertakings. The comparative figures shown in the Balance Sheet, however, indicate the effect of the merger on the capital structure of the Company.

As regards the production of pig-iron for the year, this has been somewhat less than that of 1952 owing to the fact that one Blast Furnace at Kulti was off for re-lining for a period of four and a half months. During the years 1954 and 1955, both the large Hirapur Furnaces will be out of commission for several months for re-lining; one in 1954 and the other in 1955. This will inevitably have a material effect on the production of steel during these years.

I am glad to be able to record that all Railway transport facilities have been efficiently maintained by the authorities in spite of the difficulties of the year under review, but there is one feature in rail transport of raw material which deserves the serious attention of the Railway Administrations. There is not a shadow of doubt that the pilferage of pig-iron in transit is on the increase and, at times, runs to a high figure. As you can understand this unauthorised "off-take" is a matter of considerable consequence, not only from the point of view of a loss of revenue, but also to the enablement of unfair competition with our Kulti Foundry products. Such nefarious practices are, admittedly, difficult to eradicate entirely, but perhaps measures could be designed to keep this unhappy practice at a minimum.

In concluding, I would take the opportunity of expressing on your behalf and on behalf of your Directors our appreciation of the services rendered by your General Manager, Mr. J. McCracken, and his executive and supervisory staff throughout the year and particularly during the troubled conditions that prevailed in 1953. It is perhaps not realised how greatly in these days is the attention of the managerial staff diverted from a proper productive effort by the ever-present problem of labour relations and at a time when the national progress demands the highest possible level of production, it will be appreciated how easily could a sense of frustration be engendered by conditions such as have been experienced. It is greatly to their credit that they have not allowed this to happen as figures of current production evidence, and our thanks are due to them for their loyal services and unabated efforts.





The Mark of

QUALITY ECONOMY & DURABILITY

Our Specialities

* 'Paramsukh' Dhoties
* 'Lakes Beauty' Mulls
* 'Moti Voil'
* Striped Shirtings
* Drills, Addi Cloth
* Cambrics, Longcloth Sarees
* 'Century, Batsman' Blankets
* Bld., Striped and Dyed Turkish Towels
* Grey Sheetings
* Black Dyed Venetian Cloth
* Umberella Cloth.

MULTI-COLOURED PRINTED CHINTZ & MULLS
In Various Designs.

THE CENTURY SPG. & MFG. CO., LTD.

Head Office:

Queen's Mansion, Prescot Road, Fort, BOMBAY.

Gram: Century Phones: 31904, 30435, 21397

Managing Agents: BIRLA BROTHERS LTD.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360 0*	369.5	619.8	397.4	90.6	100.4	86.8	94.0
June „ c ..	398.9	481.0	363 4*	370.1	674.5	405.4	90.5	100.6	87 2	94.4
July „ c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August „ c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September „ c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October „ c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November „ c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December „ c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February „ c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
Week Ending 30-1-1954 ..	379.8	486.5*	365.2	364.9	708.9	399.6	90.3	101.6	87.5	100.0
6-2-1954 ..	377.5	475.2	362.5	365.9	698.4	393.8	90.3	101.6	87.7	101.0
13-2-1954 ..	375.7	476.0	361.2	367.6	696.1	396.6	90.3	101.6	88.0	101.2
20-2-1954 ..	370.8	474.2	359.8	370.1	695.8	395.2	90 3	101.5	88.1	102.2
27-2-1954 ..	370.3	460.1	357.2	369.6	685.0	392.0	90.4	101 5	88.1	103.6
6-3-1954 ..	.	..	..	..	..	..	90.4	101.5	88.0	103.3

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

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay	Bombay June 1934 =100	Ahmedabad July 1927= 100	Delhi†	Bengal Calcutta	U. P. Kanpur	Central Provinces Nagpur	Central Provinces Jubbulpore†	Madras Madras June 1936= 100	E.P. Ludhiana†	Bihar Jamshedpur†	All India†
1939 (Aug.-Dec.)	103	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	..	..	351	..	..	..
1953 January	330	346	260	135	337	454	381	146	327	144	149	139
February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	—	350	149	155	—
1954 January	346	363	269	139	—	442	—	—	353	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED 13-3-1954			6-3-1954			27-2-1954			20-2-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	89- 6	88- 4	88-11	89- 8	87-14	88-11	88- 9	86- 9	87-12	89-13	86-5	88-1
Silver (per100 fine tolas)	164-15	162-12	163-11	164-13	163- 1	163-13	165- 2	162-10	164- 2	166-4	162-1	164-12

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1.116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
Week Ending										
22-1-1954	1,154,84	19,40	1,174,24	40,02	618,15	658,17	56.05	94,69	421,38	1,174,24
29-1-1954	1,156,01	18,37	1,174,38	40,02	618,15	658,17	56.04	94,83	421,38	1,174,38
5-2-1954	1,173,82	9,43	1,183,25	40,02	628,15	668,17	56.47	93,71	421,38	1,183,25
12-2-1954	1,179,56	13,38	1,192,94	40,02	638,15	678,17	56.85	93,43	421,34	1,192,94
19-2-1954	1,173,90	19,49	1,193,39	40,02	638,15	678,17	56.83	93,88	421,34	1,193,39
26-2-1954	1,171,43	22,28	1,193,70	40,02	638,15	678,17	56.81	94,19	421,34	1,193,70
5-3-1954	1,190,57	12,00	1,202,57	40,02	648,15	688,17	57.22	93,06	421,34	1,202,57

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	485
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	414
	(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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22,49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
Week Ending														
22-1-1954	98,85	21,90	42,10	58,22	221,07	22,32	253,40	19,65	16,62	114,19	72	21,57	72,81	7,83
29-1-1954	101,60	23,29	38,50	59,02	222,41	22,10	254,52	18,64	15,19	116,17	..	23,93	72,47	8,11
5-2-1954	93,28	19,51	38,08	59,01	209,88	20,03	239,90	9,58	13,15	108,14	55	28,35	71,72	8,43
12-2-1954	91,54	17,00	40,31	62,62	211,47	22,09	243,56	13,57	14,07	101,43	1,02	33,79	71,21	8,47
19-2-1954	87,24	21,79	41,01	62,29	212,33	24,39	246,72	19,73	13,13	103,99	30	30,61	70,76	8,21
26-2-1954	86,06	28,66	41,17	63,87	219,75	23,46	253,22	22,58	10,70	106,82	1,11	32,02	71,48	8,51
5-3-1954	94,75	21,67	39,26	42,62	198,30	24,27	232,57	12,18	9,43	94,81	1,47	34,79	71,30	8,58

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

165109

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	16,44	45.10	..
1949-50 ..	597,79	272,59	870,38	34,47	65,85	11.53	426,74	15,35	50.79	..
1950-51 ..	599,13	278,45	877,59	34,68	60,78	10.88	447,03	11,87	52.29	..
1951-52 ..	593,73	290,82	884,55	37,33	57,29	10.70	523,59	22,81	61.77	303,48§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,89	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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	54.56	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
Week Ending										
31-7-1953 ..	530,25	328,27	858,52	30,69	44,78	8.79	438,02	51,48	57.02	316,41
7-8-1953 ..	529,97	327,59	857,56	29,44	47,05	8.92	436,59	51,76	56.95	319,05
14-8-1953 ..	522,66	330,10	852,76	29,86	41,12	8.32	431,15	49,53	56.37	323,07
21-8-1953 ..	528,18	328,52	856,70	31,22	44,10	8.79	428,51	48,28	55.65	323,56
28-8-1953 ..	528,21	331,36	859,57	31,73	45,93	9.03	426,53	46,81	55.07	326,88
4-9-1953 ..	528,59	330,56	859,15	31,93	49,11	9.43	428,02	45,87	55.16	327,96
11-9-1953 ..	526,79	330,34	857,13	30,54	48,01	9.16	423,30	44,43	54.51	329,15
18-9-1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42,45	54.45	333,16
25-9-1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2-10-1953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-1953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16-10-1953 ..	520,35	332,92	853,27	30,06	50.34	9.42	420,89	38,62	53.85	336,15
23-10-1953 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	338,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	..	57.74	324,16
29-1-1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5-2-1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12-2-1954 ..	513,66	330,41	844,07	32,60	39,40	8.53	461,68	53,56	61.04	320,61
19-2 1954 ..	522,30	331,20	853,50	31,96	39,84	8.41	462,46	55,88	60.73	320 14
26-2-1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	458,52	62,89	61.19	319,23
5-3-1953 ..	522,74	330,71	853,45	32,13	37,38	8.14	527,80†	..	61.82	318,76

*Undivided India §Average of weeks from November 1951 †Including Bills Discounted

MONTHLY STATISTICS

(Monthly Averages or Calendar Months)

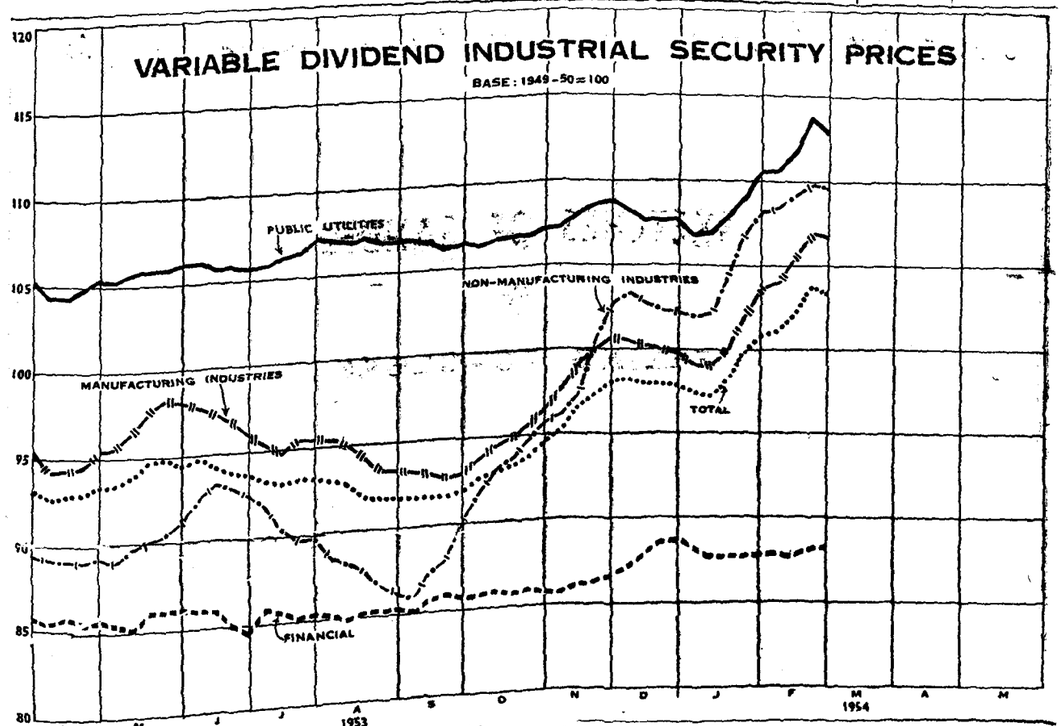
		1951	1952	1953 June	July	August	Sept.	Oct.	Nov.
I Foreign Trade									
i By Land, Sea & Air—									
Imports (Rs. lakhs)	..	71,18	66,80	51,38	51,66	50,01	46,40	45,51	..
Exports (Rs. lakhs)	..	65,30	51,58	40,09	41,00	40,09	49,47	48,14	..
ii Unit Value Index—									
(1948-49=100)									
Imports	..	128	130	121	111	111	110	..	..
Exports	..	160	131	113	110	113	112	..	..
iii Quantum Index—									
(1948-49=100)									
Imports	..	108	105	88	94	92	8.4	..	..
Exports	..	114	106	98	102	96	12.1	..	..
II Industrial Production									
i Cotton Cloth (Million yards)	..	340	383	414	436	414	396	409	369
ii Cotton Yarn (Million lbs)	..	109	121	125	133	127	126	129	120
iii Jute Manufactures (000 tons)	..	73	79	73	78	68	73	67	69
iv Steel (Ingots & Castings) (000 tons)	..	125	132	115	104	100	103	133	147
v Paper and paper boards (tons)	..	10,993	11,459	10,603	13,241	12,400	11,181	12,285	..
vi Sulphuric Acid (000 cwts)	..	178	160	153	198	211.0	200.1	206	..
Index of Industrial production (1946=100)	..	117	129	133	136	131	137	133	..
III Fuel and Power									
i Coal Production (000 tons)	..	2,859	3,019	2,911	2,753	2,747	2,972	2,937	2,677
ii Coal Despatches (000 ton)	..	2,435	2,591	2,441	2,513	2,506	2,576	2,703	2,555
iii Electricity Generated (Million kwh)	..	488	510	549	588	588	576	583	563
iv Electricity Sold (Million kwh)	..	397	420	450	471	469	464	469	456
IV Industrial Disputes: Number of man days lost (000)	..	318	278	252	131	225	467	402	315
V Employment Exchanges:									
i Number on register at the end of the period (000)	..	329	438	474	493	499	512	515	508
ii Number of vacancies outstanding at the end of the period (000)	..	22	23	23	18	17	18	20	22
VI Inland Transport:									
Railway Freight Ton Miles (Millions)	..	2,336	2,372	..	..	..	..	..	..
ii No. of Wagons loaded	..	569	584	521	538	540	543	557	550
VII Public Finance: (Central Govt.)									
i Revenue Receipts (Rs. Lakhs)	..	43,86	38,72	37,92	29,44	39,78	41,73	..	..
ii Import Duties (,,)	..	18,50	15,86	12,27	..	..	..	..	..
iii Export Duties (,,)	..	6,84	4,86	2,75	..	..	..	..	..
iv Central Excise (,,)	..	7,66	5,75	7,91	..	..	..	..	..
v Expenditure on (,,) Revenue Account	..	20,57	23,69	10,63	15,46	11,29	..	..	..
vi Cash Balances with Reserve Bank (Rs. Crores) *	..	210	175	130	108	134	137	109	98

* Last Friday Figures.

VARIABLE DIVIDEND INDUSTRIAL SECURITY PRICES

49-50=1

Week and Month	Financial	Public Utilities	Manufacturing Industries	Non-Mfr Industries	Miscellaneous	Total
1953 May 2	85·7	105·4	95·4	89·4	88·7	93·4
,, 9	85·5	105·3	95·6	89·0	88·6	93·4
,, 16	85·2	105·7	96·5	89·6	88·7	93·9
,, 23	86·1	105·8	97 8	90·0	88·8	94·6
,, 30	86·2	105·9	98·4	90·4	88·2	94·9
June 6	86·3	106·3	98·0	91.1	84·7	94·4
,, 13	86·2	106·3	97·8	92·5	87·3	94·8
,, 20	86·1	105·9	97·4	93·3	83·7	94·2
,, 27	85·3	105·8	96·9	93·0	83·2	93·9
July 4	84·7	105·7	96·0	92·5	86 2	93·6
,, 11	86·0	105·8	95·3	91·6	86·0	93·3
,, 18	85·7	106·2	94·9	90·4	86·3	93·0
,, 25	85·4	106·4	95·5	89·7	86·5	93·2
August 1	85·5	107·1	95·5	89·8	86·6	93·3
,, 8	85·2	107·0	95·4	88·9	86·0	93·0
,, 15	85·0	106·9	95·0	88·4	85·7	92·7
,, 22	85·3	107·0	94·2	87·7	85·6	92 3
,, 29	85·3	106·8	93·5	86 9	85·3	91·8
September 5	85·4	106.8	93·4	86·2	85 4	91·7
,, 12	85·2	106·9	93·3	86·0	85·3	91·6
,, 19	85·8	106·6	93·0	87·4	85·1	91·6
,, 26	86·0	106,3	92·7	88 0	85·1	91·6
October 3	85·8	106·5	93·0	90·2	85·1	92·0
,, 10	85·9	106·3	93·7	91·9	85·6	92·6
,, 17	86·0	106·6	94·5	93·2	86·2	93·2
,, 24	85·9	106·8	94·8	93·6	86·2	93·4
,, 31	86·0	106.8	95·5	94·8	86·5	93·9
November 7	85·8	107·2	96·6	95·6	87·0	94·7
,, 14	85·8	107·3	97·6	96·1	88·3	95·3
,, 21	86·1	108·1	99·1	97·3	89·6	96·6
,, 28	86·3	108·6	100·0	100·1	90·2	97·4
December 5	86·7	108·7	100·7	102·9	90·7	98·3
,, 12	87·4	108·2	100·5	103·4	90·6	98·3
,, 19	88·0	107·6	100·2	102·7	90·1	98·0
,, 26	88·6	107·6	100·0	102·4	90·2	98·0
1954 January 2	88·7	107·6	99·7	102.4	90·3	97·9
,, 9	88·4	106·6	99·1	102·0	89·9	97·4
,, 16	87·8	106·9	99·0	102·3	89·9	97·3
,, 23	87·7	107·8	100·3	104·7	91·0	98·4
,, 30	87·8	109·0	102·3	107·0	92·4	100·0
February 6	87·9	110·5	103·7	108·2	92·9	101·0
,, 13	87·8	110·6	104·0	108·5	93·4	101·2
,, 20	87·7	111·9	105·5	109·3	93·7	102·2
,, 27	88·1	113·9	106·9	109·9	95·8	103·6
March 6	88·3	113·0	107·6	109 6	95·9	103·3



NOTE: **Financial**—Banks, Insurance; Investment Trusts.
Public Utilities—Electricity; Shipping and other Transport; Railways.
Manufacturing Industries—Cotton, Woollen and Silk; Jute; Iron and Steel; Paper; Cement; General Engineering; Sugar and Breweries; Chemicals.
Non-Manufacturing—Coal; Mining and Oil; Plantations.

TEXTILE INDUSTRY CENTENARY CELEBRATIONS

1854 - 1954 And

11th ALL-INDIA TEXTILE CONFERENCE AND INDUSTRIAL EXHIBITION

18th March, 1954 to 18th April, 1954

at

Grant Medical College Gymkhana Grounds,

Marine Drive, Bombay 2.

Inaugurated by:

The Hon. Shri T. T. KRISHNAMACHARI,
Minister, Commerce & Industry.

The Hon. Shri MORARJI DESAI, Chief Minister, Bombay, presided.

Booking open for Advertisement Hoardings, Neon Signs, Etc.

Dance and Dramatic Institutions interested in staging Cultural Shows should contact :—

The Hon. Secretary:
Centenary Celebrations Committee, Bombay Branch

The Textile Association (India)
BOMBAY 12

A New Book

For the Library and the Connoisseur of Art

SKETCHES OF GANDHI

By

FELIKS TOPOLSKI

A unique collection of 24 sketches and two four-coloured paintings of Mahatma Gandhi by the famous Polish artist. Embellished with rare quotations from Gandhiji.

Price Sixteen Rupees **Postage extra**

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi. **Editor:—E. P. W. da Costa, M.A. (Oxon.)**

SECRETARIAT LIBRARY 31 MAR 1954 MADRAS GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII NO. 13. NEW DELHI: MARCH 26, 1954. ONE RUPEE

CONTENTS

	Page
LEADING ARTICLES:	
THE FOREIGN AFFAIRS DEBATE ..	505
THE FUTURE OF FOREIGN POCKETS ..	507
THE TEXTILE CENTENARY	508
IE WEEK'S NOTES	509
Quarantine for Delegated Legislation; The Humanities and the Sciences; All-India and State Civil Services; Gold Market in London; Suburbia and Economic Stabilisers; Compulsory Service in Territorial Army?.	
WORLDGRAM AND NEWS IN BRIEF ..	513
A WINDOW ON THE WORLD	
Odysseus on "Freud's Challenge to Philosophy"	517
A DELHI DIARY	521
SPECIAL ARTICLES:	
ECONOMIC STABILITY IN PAKISTAN ..	522
DEFICITS IN THE STATES	523
THE BUSINESS WORLD:	
Foreign Investment in Chile	525
Balance Sheets of Banks	526
Stars and Textiles	526
Making the Climate	528
BUSINESS NOTES	529
Prospect for the Jute Industry; Sugar Refinery; Motor Transport Nationalisation; Tea Industry After the Crisis; Rehabilitation Finance Administration; Khandwa-Hingoli Rail Link; Trade Agreement with Rumania; Estate Duty Deposits; British Shipping; Fertilizer from Sea Bitterns.	
COMMODITY NEWS AND NOTES	533
CURRENT STATISTICS	546

The Foreign Affairs Debate

THE Foreign Affairs Debate, which concluded in the House of the People on Wednesday this week, was fruitful and significant in only one important respect. This was the reiteration by the Prime Minister that India had firmly resolved "to pursue a policy of non-alignment with Power blocs and friendliness towards all nations". This statement was greeted with loud and prolonged applause which added new significance to the statement. It has been made often enough before; why was it greeted on this occasion with such vociferous applause? The answer is certainly because there has been an uncomfortable feeling, both here and abroad, that, after the Pakistan-United States Pact, India might lean towards the Communist bloc. As openly as was possible, consistently with our policy of friendliness to all nations, the Prime Minister has denied any such intention. So far as our foreign policy is concerned, in intention it is exactly what it has always been.

What has it always been? This is a question far more difficult to answer. Friendliness to all nations? Perhaps the record of the speeches of the Prime Minister will not be read by an unbiassed authority as being conducive to friendliness to all nations. And, irrespective of speeches, in fact today our relations with Pakistan, the United States, and some countries in the British Commonwealth are poorer than they have ever been. There is no ground for any suspicion that we

are leaning towards the Communist side. The forthright speeches made by the Prime Minister during the recent Travancore-Cochin elections will certainly be read both in Moscow and Peking as a declaration of ideological war. Why are they not equally appreciated in the Free World? Because in fact the Free World feels the incidence of the Prime Minister's actions more than does the Communist world feel his words. For the time being—largely because of the United States-Pakistan Pact—the balance, it would seem, cannot be deemed even.

Friends of the United States and the Free World have for many months explained urgently, and cogently enough, that the Free World as a whole was bound to be injured by this temporary defection of India caused by unnecessary and unthoughtful haste in Washington. Events in East Bengal which have practically eliminated the Muslim League as a party in East Pakistan (where it now has less than the ten seats required for recognition as a party in the Assembly) have underlined the need for hastening slowly. But the Indian case was independent of the precarious position of Pakistan's present rulers. It was based essentially on the inevitable suspicions raised in India on the outcome of American policy in the East. It is true the Prime Minister has done much to raise, and then maintain, public opinion on this issue. But it is wholly wrong for the Free World to believe this is the voice of one man. It is the voice of the entire nation. Any Foreign Minister would have had to respect it in terms very similar to those the Prime Minister has actually done.

Criticism of some failings in India's foreign policy must, therefore, on no account be confused at the present time with pro-Americanism. It is one of the misfortunes attending on discussions of foreign affairs in India at the present time that criticism is being withheld largely because those who feel that the Prime Minister has been misled on China—and they are many —hesitate to proclaim their feeling lest they should be arraigned on the military pact as being pro-American. In the net result, democratic discussion of foreign policy has lost another degree of freedom. Even more than at other times, the Prime Minister's views appear identical with those of the nation.

In substance and principle, there is overwhelming support for the Prime Minister's policy. In detail, and in particular in relation to China, there are grave misgivings which are unexpressed. Alone in this debate Mr. Frank Anthony chose to express them; unhappily his speech was intemperate and failed to reflect the large section of moderate opinion which does not wish the Prime Minister rebuked but merely warned. The Ministry of External Affairs today is, with the exception of two or three Senior Officers, operating with a closed mind. The influence of Sardar K. M. Panikkar, no less because he is no longer an Ambassador of India, continues to be large; Mr. V. K. Krishna Menon tends to lend his weight to the same side; and it is now widely believed that Mr. R. K. Nehru, the Foreign Secretary, has lost the capacity to resist these irregular pressures on his own thinking. In effect the apparatus of thought in the External Affairs Ministry has become heavily biassed. For working a policy of friendliness to all nations, this heavy overlaying of current events with a biassed interpretation is a constant and serious danger. There are many people who believe sincerely that our weakness towards China in foreign policy is the result of these cumulative personal equations.

The country is entitled to a full and frank report on Sino-Indian relations. From the statement which the Prime Minister made on the floor of the House when Tibet was occupied, the country was led to believe that a powerful protest would be made and every action would be taken to safeguard Indian interests there. It now appears that, under Sardar Panikkar's advice, no protest was ever made, and India acquiesced, without even a paper note, in the occupation of Tibet. At the same time the Dalai Lama who had appealed for asylum was denied assistance and encouraged to submit to the invader. All this may have been inevitable; but it certainly makes nonsense of the powerful language used by the Prime Minister on the floor of the House. Why should the people of India be misled in this manner?

Again, it now appears that India's interests in Tibet are not being adequately safeguarded. This, and this only, can be the meaning of the statement made by the Prime Minister in an answer to a question last week that within a fortnight there will be agreement between India and China on the matters now under discussion in the Peking Conference. This Conference has gone on for months during which it is known the Chinese delegates have stonewalled incessantly. There is no sign that they are now giving way, and it is legitimate to assume that India's demands have been watered down. Surely on an issue of this kind Parliament should be told not merely that an agreement has been reached, but exactly what concessions have been made in order to reach this agreement.

The Peking Conference is merely illustrative. But the point needs underlining because there is a fear that, in our present isolated position, itself largely the consequence of an overplayed hand in international affairs, we may tend to pay too much for the goodwill of the People's Republic of China. We have every right to resist dictation from any nation in the Free World. But the country expects the Ministry of External Affairs to be equally outspoken when dealing with the People's Republic of China. The record on Tibet is certainly not good. And there is genuine anxiety that the Peking Conference may end in wiping out our privileges in respect of trading posts in Tibet.

There is, of course, no need for undue alarm provided the position is realised and adequate correctives are applied early to distorted thinking at non-Ministerial level in the Ministry of External Affairs. In the last analysis, the political and economic ideology of India will be made by impersonal imponderables and not by single men, even if they command the tremendous stature and influence of the Prime Minister. In domestic policy, this is seen clearly enough. The Prime Minister, by the compulsion of events, has had to work essentially a Rightist policy in economics and to fight an ideological war in politics both with the Communists and the Praja-Socialists. The impersonal factors in the Indian scene have decreed this result; the current to the Left has temporarily spent its force. It is obvious that our foreign policy must, in some large part, be a reflection of domestic thinking, particularly when the Prime Minister occupies a central position in both. While some of the Prime Minister's advisers in the External Affairs Ministry are unaware of the compulsion of events in the international sphere, there is no reason to suppose that their views can prevail over the pressures to which an underdeveloped country determined on economic progress is inevitably subjected. There is no cause, therefore, for a passionate denunciation of this or that policy. We can afford to stand back for some time. There are restraints, both internal and external, which will keep us on the rails. We must only ensure that all the facts necessary for a decision are made available; unhappily that is not now the case.

India's Ministry of External Affairs is today pitifully weak in economic appreciation; if this defect had not been present, our interests might have been very differently viewed. Again, the strategic aspects of our alliances do not weigh sufficiently in the formation of foreign policy. The Historical Records Division of the External Affairs Ministry continues to be studiously ignored. When will objective study of all the facts replace the personal equation which has done so much to place us in our present position of splendid isolation?

The Future of Foreign Pockets

THE apparently interminable stalemate over the question of foreign pockets in India has been broken. Last week's events within French India have moved in a rather dramatic and unexpected manner. The municipal councils of eight Communes in the French settlements carried through resolutions recommending the merger of these settlements with the Indian Union without the formality of a referendum. Five out of the six Ministers of the French Indian Government have been quick to approve and endorse these demands. All the personalities concerned have followed up these steps by announcements to the effect that their activity in future will be directed whole-heartedly towards the realisation of their aspiration to secure a speedy transfer of power by the French. A situation has thus developed which is full of possibilities though the Government and people of India appear to have been caught wholly unawares by these developments. There has all along been an acute sense of frustration in official circles over the lack of progress towards a solution of this question, while Indian public opinion was becoming increasingly impatient and resentful over the continuance of foreign pockets. That frustration appears to have weakened the will of the External Affairs Ministry to take any initiative in shaping positively the course of events in French India.

Having ruled out any attempt to seek solutions other than by peaceful means, the Government of India have felt powerless to influence or alter the French insistence on a referendum in the settlements or the Portuguese refusal even to discuss the question of the future of her Indian possessions. The nationalist movements within the settlements were hardly expected to grow sufficiently intense to exert overwhelming pressure on the colonial governments. The resistance to colonial rule had been weakened partly by the special privileges available in these pockets and partly through French and Portuguese bludgeoning. The result was that there has been a readiness in New Delhi to rationalise the frustration by attributing far too much importance and success to the repressive measures within the settlements than what the circumstances warranted. The sudden and overwhelming expression of opinion by eight municipal councils and five Ministers of French India indicates that the effect of repression of nationalist opinion has been somewhat overdrawn.

In a strictly political sense, therefore, the recent developments in French India have undoubtedly been spontaneous, as the Prime Minister stated in Parliament on Tuesday. That such a spontaneous upsurge of nationalist feeling has been allowed to express itself in this manner may indicate that the colonial authorities were themselves surprised. The inexorable pressure of economic difficulties appears to have influenced the situation more profoundly than the gathering strength of pro-Indian feeling. The tightening of customs and security measures to check illicit border traffic could not have failed to interrupt the economic activity of the population, which does not have sufficient independent resources of its own. Such interdependence has been part of the reason for the contention that a small section of the population, which has been historically isolated from the main body of the people of a vast country to which it naturally belongs cannot insist on an unqualified right of self-determination which would imply that nothing falling short of a referendum should decide the proper exercise of the right.

The bulk of the population of the French settlements has obviously felt the pinch sharply enough now to disclaim even the necessity for a referendum. At the present time, a few other complicating factors have also been reported. There have been differences of opinion between M. Andre Menard, the French Commissioner, and M. Goubert, the Socialist leader who has played an active part in encouraging the pro-merger movement. French subventions to the settlements, of the order of Rs. 1.5 crores, are said to be in arrears, accentuating the economic dislocation caused by the tightening up of border security and customs barrier on the Indian side. The reported insistence of the French Government in Paris on the removal of the economic restrictions by India, before a plebiscite is organised in response to the present demand, proves how closely the settlements have depended on their trade with the rest of the country.

The present situation should assist both India and France in reaching a quick settlement. If the French Government is willing and ready to hold an early referendum, no objection need be raised by India, merely from a desire to emphasise the doubtful applicability of the right of self-determination to such small and separate groups of people within a large country. The principle has been already accepted in Chandernagore and if its acceptance again can save French prestige in transferring power in the other four areas also, there is every reason for not insisting on a retreat at once on what the French regard as constitutional necessity. At the same time, the French Government must face the truth that a transfer of power is a compelling necessity and that the referendum should be used not as an occasion to test its own strength vis-a-vis the Indian Union by competitive pressure or influence, but merely as a constitutional formality to implement a policy dictated by considerations of justice and political expediency. The French Government can still earn credit for the sagacious acceptance of public opinion when the opinion has become ripe enough to express itself in a spontaneous manner; what is essential is that it should avoid mental reservations about influencing the currents which now flow so strongly against French colonial authority.

So far as the people of the four French settlements are concerned, all the assurances which they have had about the preservation of their distinct interests and ways of life within the Indian Union have now been reiterated by the Prime Minister on behalf of the Government of India and by the active leadership of the pro-merger groups within Pondicherry, Mahe, Karaikal and Yanam. The people of these areas have a greater interest in the larger opportunities available to them in belonging to the larger entity, which should outweigh any of the temporary benefits restricted to a privileged minority which in their isolation they can now enjoy. If this is realised more widely, and if the people function with a clear conviction about their long-term interest, French authority can do little to resist it.

Big political changes do not always happen as smoothly as the circumstances, such as the present, may justify. There are always obstacles to be faced, arising from lack of understanding or the lack of the will to act, even when there is understanding. The French have been more often accused of the paralysis of will to decide than of deficiency of understanding; but there are reasons to believe that this malady is being cured more rapidly than is believed. The situation is greatly different in the Portuguese territories where there is still a long way to go. India's determination to seek a peaceful settlement of the future of foreign pockets might have lulled the French and Portuguese into the false confidence of Macbeth: "Till Birnam wood remove to Dunsinane, I cannot taint with fear". In French India today, Birnam wood is on the move; when the French have come to realise it, can the Portuguese lag far behind?

The Textile Centenary

AS it celebrates its centenary this week, the Indian cotton textile industry has cause enough for pride because of its splendid contribution to the industrial development of the country. The notional beginning of the industry dates back to an earlier period to 1817, if precision must be insisted upon. But the three cotton mills, very modest units, started in Calcutta and Pondicherry, have faded fully into the obscurity of the past. They have left no trace of any link with the growth of the industry as it has come to be shaped. The real nucleus of the industry was laid in 1854 in Western India out of which sprang the biggest organized industry of this country.

Cowasjee Davar in Bombay and James Landon in Broach have earned for themselves a place of permanence in the history of the textile industry as its pioneer founders. To these two must also be added the name of Maneckjee Petit. He appeared a little later on the scene. But he broke new ground by pioneering the first among the composite mills, which were destined to occupy a preponderance in the structure of the industry in this country. The odds which the pioneers braved are better imagined than narrated in cold print. In an atmosphere completely clouded with scepticism about even the remote possibility of operating a mechanised industry in this country, they held steadfastly to their faith. In fact it was their undying faith which eventually created confidence out of doubt and hesitation. Their faith was sustained by their own unremitting effort and perseverance. While these basic sources of strength must be accorded full recognition, the external collaboration which they received in an ample measure is apt to be underrated. Lancashire's technical co-operation deserves a tribute.

Indian talent was not slow to absorb the ingredients of the technique of manufacture. But whether in the sphere of entrepreneurial skill and enterprise or in the sphere of technical management, opportunities offered themselves to indigenous talent on a worth while scale in the period commencing with the outbreak of World War I. For this was the period—by no means, of course, of undiluted prosperity—which gave a fillip to the industry. The transition of the industry towards fuller national ownership, management and technical operation was a matter of time. It was essentially consummated in this vital phase. The ownership of the industry today is not concentrated in the hands of a few investors. It is distributed over a vast circle comprising hundreds of shareholders. So also with the benefits which flow from it. They spread far beyond the factory premises. They reach the cotton grower in the countryside as also large numbers of income earners dependent on ancillary industries and trade. But even within its strict limits in a narrower sense, the industry takes the first place in every respect. It consists of 453 units employing a labour force reckoned normally at 7.5 lakhs. Its investment is of the order of Rs. 104 crores and turnover in the neighbourhood of Rs. 400 crores per annum. The value added by its manufacture discloses its real nature as the biggest single industry. It amounts to nearly half of the total value added by all the organized industries in the country.

On the eve of the second century, the industry is positively entitled to look back with a feeling of satisfaction on its past performance. But on this occasion attention tends to turn also to the prospect that lies ahead in the near future. The resilience of the industry has been demonstrated in an ample measure through booms as well as crises. The present stage in its growth, however, poses problems which undoubtedly call for tactful handling. They demand the exercise of the highest business skill on the part of the management, a rational attitude on the part of labour and realistic policies on the part of the Government. The industry's major source of weakness at this time is the uncertainty in which it has to function: It arises essentially from the ad hoc nature of policies adopted by the Government.

Out of the 450 and odd units in the industry at least one-third are estimated to operate at an uneconomic level. Out of these, 60 are operating at an actual loss and no less than 90 are operating on the margin. Their rationalisation preferably through merger is surely a long-range issue. Even apart from this reform, the price factor in the industry as a whole raises recurring difficulties. In the immediate context it is related to the purchasing power in the hands of the consumers at home. They absorb the major share of production. Speedy and effective measures must be applied to make prices attractive. The correlation between the consumption of cloth and consumption of food in the middle and lower classes would indicate the advisability of extending relief in expenditure on food. Such relief can be expected to stimulate the present low per capita consumption of 14.5 yards. The welfare imposts on cloth are now difficult to reverse. But the constant and capricious shifts in tax policy ought to be halted.

Production costs also operate to retard the expansion of exports. But here another important factor has hampered the competitive strength of Indian cloth in the markets abroad. Industry has now begun to show greater interest in the maintenance of quality. This is believed to be a handicap in relation to the competition of the Japanese product in the traditional Asian and African markets. The issue demands organised and collective action. This appears now within the realm of early realisation. The Export Promotion Council has been very nearly established and standardisation of export quality will be an accomplished fact in the not distant future. Initial disbursements from the Cotton Textile Fund have already started on a modest scale. The allocation to the Ahmedabad Textile Industry Research Institute is being followed by the latest allotment of Rs. 5 lakhs for research. In point of time it constitutes a fitting centenary gift. As soon as the Export Promotion Council gets going, the second purpose of the Fund will have been taken up for active implementation. This is to promote exports. Constructive measures on these lines can be trusted to lead to the fulfilment of the export target of 1,000 million yards.

The elements of uncertainty in the outlook in the years to follow immediately may be exaggerated. They stem from sources which are not necessarily new to the industry in its struggle for progress over the last one hundred years. The return of Japan needs to be interpreted in the light of the changed situation as regards raw material supplies and labour. Art silk fabrics have penetrated the market chiefly at the cost of cotton cloth. But a growing population and a better standard of living can be relied upon to push up demand. Rationalisation has proved to be a ticklish issue. Nevertheless, the disappearance of inflationary pressures on the economy is bringing a realisation that higher returns must be earned through improved productivity. Against these factors ought to be set the advantage of greater availability of indigenous raw cotton. A properly phased programme of modernisa- attitude on the part of the Government. In sum, the Indian cotton textile industry which has demonstrated its adaptability to changing situations can look forward to meeting future challenges with confidence.

THE WEEK'S NOTES

QUARANTINE FOR DELEGATED LEGISLATION

The Transfer of Evacuee Deposits Bill introduced recently in Parliament inaugurated, almost unperceived, a reform in procedure which can have far-reaching importance. At the foot of the Bill, there was inserted a short memorandum regarding delegated legislation, declaring to the effect that the rule-making powers claimed by Government under the Bill were limited to routine matters likely to arise in the course of the implementation of that measure. Such declarations should provide the occasion for Government to ensure that the powers it seeks for prescribing the details of legislation do not involve powers to alter or shape policy in a manner not contemplated by the legislature. There is of course a possibility that a certificate to this effect will be inserted in future in all bills as a matter of course, without serious scrutiny of the nature of the powers; but the value of the step taken lies in the opportunity provided for the legislators to probe into the nature of the rule-making powers claimed.

The House Committee on Subordinate Legislation, which was set up as a watchdog on the exercise of delegated powers by the Executive, has now urged that all rules should be placed before the House as soon as possible and should be kept on the table for a uniform period of one month before final publication. The Committee seems to have taken the view that there can be no variations in these requirements if it should exercise full supervision over subordinate legislation, overlooking that there is a case for accepting some differences. In measures requiring urgent implementation, it would be a great handicap to require that rules should not take effect until they have stayed for a prescribed period in parliamentary quarantine. In such cases rules may take effect, subject always to the safeguard that the Parliament should be able to debate any objection to them on a motion being made to that effect. Similarly, in obviously routine matters like forms, fees and other procedural details, some inconvenience is apt to be caused if the validity of rules or orders is made conditional on their being placed before the House. Oversight or lapse may often involve validating legislation to cure technical illegalities of a trivial nature.

The solution may be to have three or four categories of rules, as in the U.K., and to let the Committee on Subordinate Legislation decide the rules which should necessarily remain in quarantine and those which need not, before taking effect. Neither the Committee nor Parliament can ever be precluded by the fact of a rule or order having been enacted from scrutinising them with a view to modifying their provisions.

THE HUMANITIES AND THE SCIENCES

The plea for emphasising the study of the humanities has of late steadily acquired a note of urgency. Dr. Matthai returned to this theme in his presidential address at the annual meeting of the Court of the Indian Institute of Science, Bangalore. Facing an impressive record of scientific achievements to the credit of the Institute, Dr. Matthai required special justification to launch on what seems prima facie to be the unrelevant theme of the humanities. The spiritual crisis of our times provided that justification for Dr. Matthai to warn that the study of the sciences alone provided at best an imperfect and incomplete education. "Far too few acquire", he said, "that balanced judgment, that spirit of free inquiry, that sense of corporate loyalty which mark an educated man." Dr. Matthai took pains to point out that the Constitution of the Institute was wide enough to permit the establishment of studies in humanities to provide a corrective to the specialisation in science and engineering; but his words were as well addressed to a wider audience in the country.

The humanities do not stand in juxtaposition only with the physical sciences and technology. Dr. Matthai himself had occasion last month to point this out in his address to the Delhi School of Economics, when he urged that economics had to be studied with the other humanities and should not be treated as an isolated discipline. Even law has now been gradually deprived of its close links with history and ethics. This decline of the humanities is not in the least due to the fall in the standards of teaching of these subjects. The failure to attach due importance to the teaching of language —which must serve as the basis of knowledge and thought and as a vehicle of expression—and the crazy pursuit of university degress with a view a using them as passports to social respectability than as tokens of educational proficiency or attainment of culture, have accentuated the decline. When even the students of the humanities fail to achieve the requisite standards in the understanding of the social problems, it may seem too much to expect specialists in science and technology also to acquire simultaneously with their training a high standard of appreciation of the values embedded in other branches of knowledge. The pursuit of these values need not, however, prove hopelessly elusive. A course of teaching in science or technology itself should not be regarded as complete until it has also taught the history of science and rational thought from the earliest times in their social context and the impact of thought and technology on human values and ideals from time to time. The history of science may provide the bridge through which the student of science can pass to social philosophy and the student of history and ethics to the evolution of science.

ALL-INDIA AND STATE CIVIL SERVICES

It was no immodest or unreasonable demand which the State Governments' Civil Servants made last week when they urged the recruitment of half the I.A.S. personnel from the ranks of the State civil services. It has become the fashion to think in terms only of the old steel frame—the I.C.S. officers—in judging the morale or efficiency of the Indian public services, but as the conference of State civil servants pointed out, the machinery had been in good working order even when half—the reputedly efficient half—left India in 1947. Undoubtedly this stability was due largely to the traditions established in the public services by the old all-India services, which the State civil services had readily assimilated and followed scrupulously. War-time and post-war changes and rapid promotions affected the Provincial gazetted and subordinate services as much as the Central services. Yet it is possible to state that a substantial section of the State civil service personnel has a closer knowledge of the problems of administration than the new I.A.S. personnel under the present methods of recruitment and very inadequate systems of training.

There has always been a case for regular supplementary recruitments to the all-India public services on the lines of the special recruitment of 1948. In other words, the claims now made on behalf of the State civil services could well be repeated for employees in business or other occupations and careers. Persons below the age of 32 or 35, who have acquired some experience of the art of taking decisions in other walks of life may be better able to face the problems of modern administration than those who are now caught young in the I.A.S. and nursed from the beginning in a bureaucratic atmosphere. To combine firmness, impartiality and integrity with the need to maintain social

and administrative contacts with the people may even require a break with some of the old traditions. A broad-based recruitment is the obvious answer but the main objection to its acceptance would be the difficulties of organisation, because of determination of rank and seniority 'inter se' of persons recruited from different age groups. While a solution for these larger problems must be sought in the interests of efficient administration, a beginning can be made in a larger absorption of State services personnel in the all-India services.

GOLD MARKET IN LONDON

The reopening of the London gold market last Monday and the extension of the sterling transferable account area to include all non-sterling non-dollar countries were measures in keeping with the British Government's policy of progressive relaxation of monetary and exchange restrictions. They can hardly be described as big strides in the direction of sterling convertibility, the prospect of which is now remoter than ever before. Automatic transfer facilities for current transactions without reference to the U.K. exchange control—which have existed within a group of 18 countries in the transferable account area—will now be extended to all the non-sterling non-dollar countries, thus unifying the sterling transactions of the countries outside the sterling area. (The exceptions for the time being are Turkey, Iran and Hungry). Transfers hitherto effected under the administrative supervision of U.K. Exchange control will now have full freedom. This is expected to eliminate the multiplicity of rates which were quoted for sterling in the free markets, sometimes even at a high discount, frequently affecting the confidence in sterling. The step now taken is a sign of growing confidence in the strength of sterling; but it is certainly not a forerunner of convertibility in any sense.

Similarly, the reopening of the London gold market, which was closed in 1939, restores one more opportunity for securing gains through international commodity trading. Only people who have American or Canadian sterling (which is transferable into dollars or gold) can buy gold at London but anyone can sell in this market. It is expected that a substantial portion of Commonwealth gold production may now be sold through London, adding to British invisible earnings from insurance and freight. The operations on the gold market are designed to avoid any drain on the gold reserves of the U.K. The business formerly transacted in London, and transferred since to other countries, is expected to return to London restoring something of the prestige which London has lost as an international trading centre.

SUBURBIA AND ECONOMIC STABILISERS

American living habits have undergone massive changes in the last 15 years, according to a recent survey of buying habits published by the U.S. Commerce Department. There seems to be a certain inevitability about the chain of purchases that suburban home-owners have to make; and their number is a rapidly growing one. For the present at least, these new buying habits, acquired over the last 15 years, promise to endure, assuring the stability of outlay on consumer spending which is an important factor in the assessments of the magnitude of the American recession. The migration of the city-dwellers to the suburbs has gathered momentum and is manifested in the large and unsatisfied demand for housing construction. The other demands that go with houses—for cars, furniture, television, gardening requisites and washing machines—will, therefore, be proportionately high. The story does not, however, end here. The numerous skilled and semi-skilled services needed to maintain these amenities being either too expensive or unobtainable, "do-it-yourself" has become the slogan of the community in the suburb. The slogan has its value for business men and important consequences to the economy. It means, a market for ready-made tools, paints, fertilisers and other devices to simplify the household chores which multiply with the additions to the number of a houseowner's possessions.

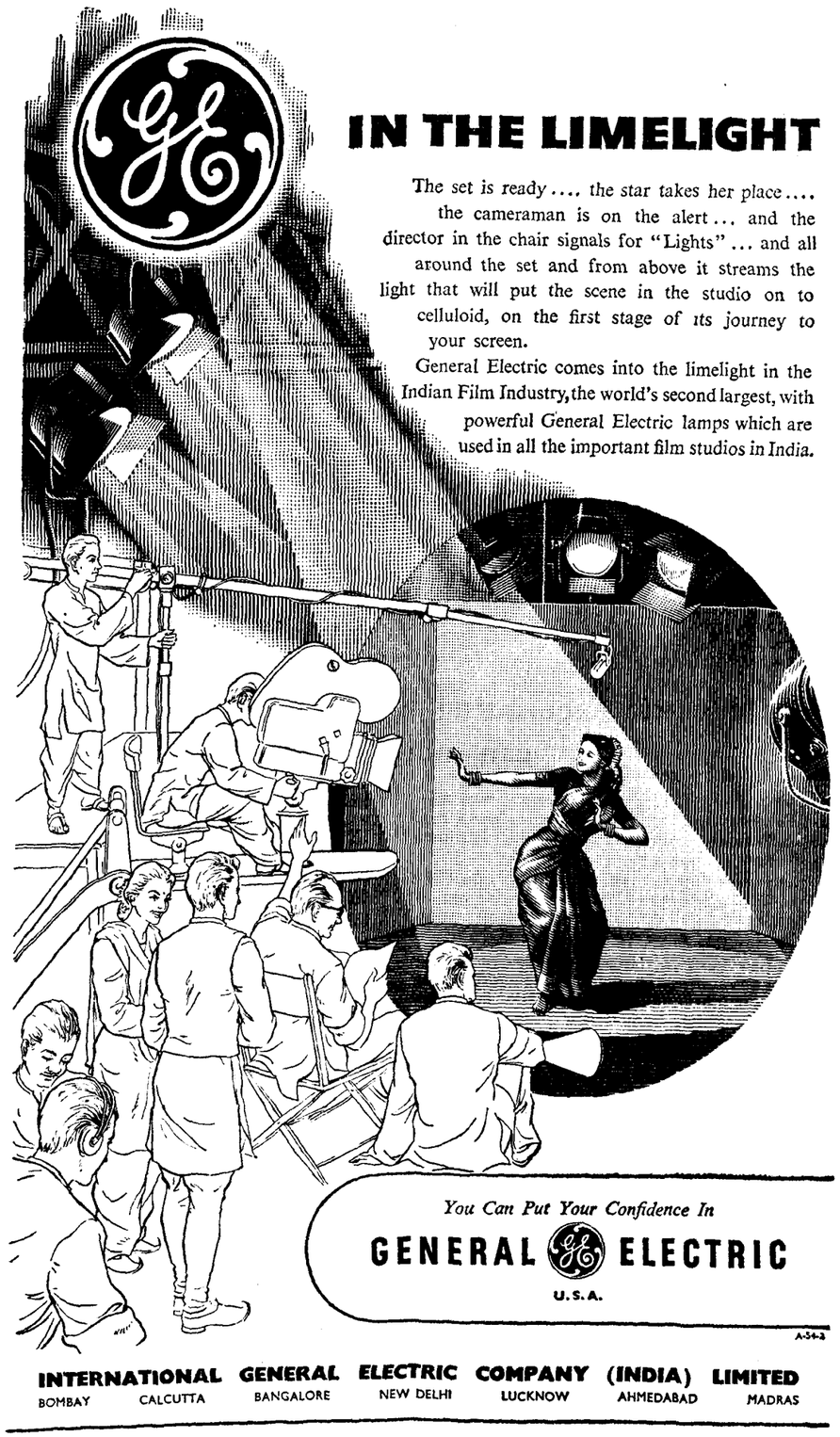
This shift has been reflected in the increase in the percentage of consumer outlay on "durable goods" from 25 before the war to 33. The percentage of the outlay on food has remained stationary, though as incomes have risen greatly, the diet is also larger and varied. There has been a noticeable shift away from "soft goods" like clothes and shoes and from restaurants, cinemas and city night life, giving point to the description of this decade in the U.S.A. as the "stay-at-home 1950's". The social effects of television on the future generations have been keenly debated in the last three or four years in the U.S.A. but the passion for T.V. has not abated. The new habits acquired are apt to be slow to change and their importance as stabilisers of consumer expenditure is of great significance at this juncture to the economist. The cynical philosopher may however be unable to resist the temptation to remark that since life at both ends of the scale of living means "stay-at-home" and "do-it-yourself", little purpose is served by multiplying wants.

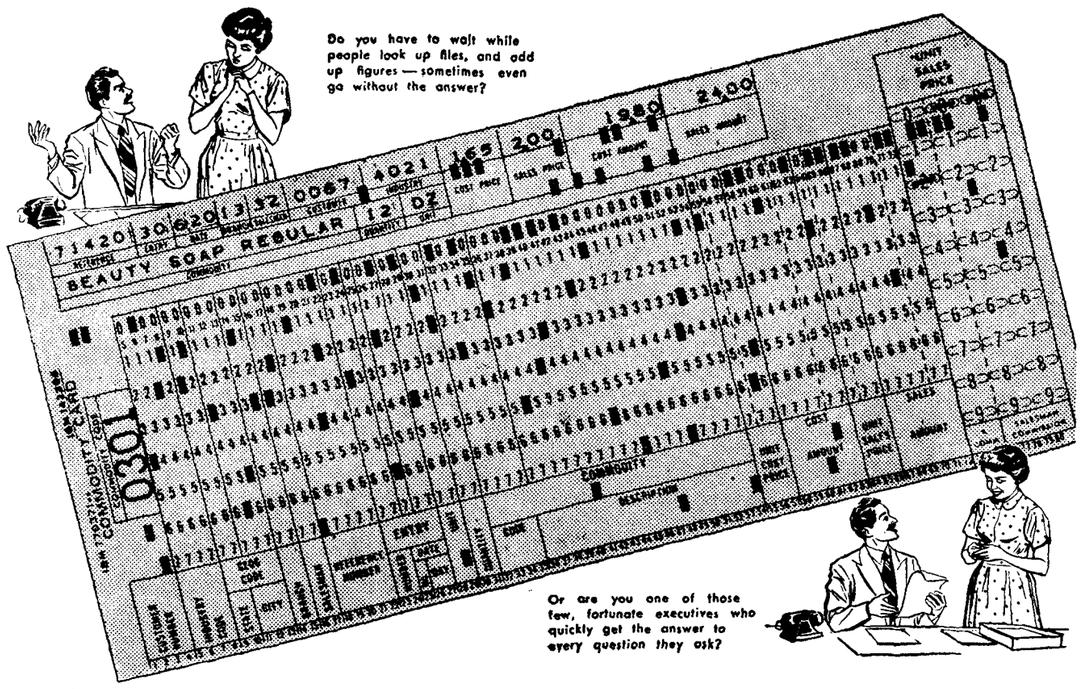
COMPULSORY SERVICE IN TERRITORIAL ARMY?

The casual manner in which Mr. Tyagi, Minister for Defence Organisation, announced last week the Government's intention to conscript employees of Government and public utilities in the Territorial Army, may signify one of three possibilities. The Government might have decided not to create any sense of crisis by deliberately announcing at this stage a plan for conscription. Or its attitude to its employees may be such that it takes them for granted whatever the nature of the obligations to be imposed on them. This is regarded as more probable than the former. But the third and most likely one is that the Minister was only preparing the ground for securing powers through legislation which could be enforced when occasion should arise. Though the normal recruitment outside the services has been somewhat short of the targets, it does not seem that sufficient drive and imagination has been shown in the recruitment. Even so, recruitment has been reported to be up to 78 per cent in urban areas and up to 90 per cent in rural areas. This is not so unsatisfactory as to call for special measures.

It would be inevitable, in a situation of real emergency, that the personnel employed in transport and public utilities should be enrolled compulsorily and given the necessary training. But in a situation in which there is considerable unemployment of educated youth, rural and urban, it would be wasting available opportunities if any shortfall in the recruitment to the Territorial Army is made up by compulsion on Government servants who form a very small fraction of the total working force. Except where by virtue of special technical ability or knowledge a Government servant is the obvious choice, there is no reason in normal times to make the mere fact of service under Government liable to conscription in the Territorial Army.

The civil services have sufficient disabilities to suffer and the imposition of yet another involuntary disability may create a grievance without substantial compensation in the gains secured through such conscription.





IBM Electric Accounting

can increase your business efficiency

When you ask a question, you want the answer *soon* and you want it *right*. You'd probably agree that quick, accurate answers could save your business a lot of money.

That is why so many organisations rely on IBM Punched Card machines — because they give you, at a moment's notice, all the facts and figures you need.

Not only for 'big business'

Almost every business, large or small, can benefit from IBM accounting. Though varying considerably in their functions and capacities, IBM machines have a single basic characteristic — the ability to save time for the businessman in meeting the complexities of modern business.

Better still, each IBM installation is fitted exactly to your needs — there is no such thing as a 'standard' IBM setup. Experts study your individual problems, and submit a plan for your approval. The enormous flexibility of IBM machines ensures that the final system is tailor-made to your requirements.

IBM Service

Delivery of any IBM equipment marks the *beginning*, not the end, of our customer relationship. For along with the equipment, IBM provides — on a continuing basis — for its maintenance, for training and instruction of operators and supervisors — all the things, in fact, that help the customer obtain maximum value from his IBM equipment.

Saving time in 79 countries — 30 languages

Billing • Payroll • Statistics

Stores Accounting • Accounts Receivable

Financial Statements • Cost Accounting, etc.

For the smaller business

IBM Service Bureaus, located in principal cities, bring the advantages of high-speed, versatile IBM Punched Card Accounting within the reach of almost any business. IBM Service Bureaus are staffed by experienced personnel, and equipped with the latest IBM electronic and electric machines. All work is performed on a confidential basis. The cost is modest.

IBM World Trade Corporation

(Incorporated in U.S.A. with limited liability)

Kasturi Buildings, Jamshedji Tata Road, Bombay 1.

Branches: Calcutta — Madras — New Delhi.

IBM

IBM. 9500

WORLDGRAM

INDUSTRY

Australian Production Targets for 1957-58: Australian Rural Policy has been moulded towards achievement of production targets for 1957-58. It is hoped that by then output will have been raised by about 21 per cent, above that of 1939. The following table compares these production targets with 1951-52 and 1952-53 figures:

Commodity	Unit	1951-52	1952-53*	1957-58 (Target)
Wheat	M. bush.	159.7	193.0	191.0
Oats	"	34.5	43.0	42.0
Barley	"	21.9	33.0	25.0
Maize	"	4.0	4.5	7.2
Linseed	"	0.3	0.3	2.0
Sorghum	"	2.7	2.4	6.0
Rice	"	3.1	3.9	4.0
Cotton (raw)	M. lbs.	0.5	0.75	10.0
Tobacco	"	7.6	7.7	14.9
Sugar	'000 tons	745.0	948.0	1228.0

* Estimated.

* * * * * * *

Commonwealth Refining Capacity Up: The Commonwealth Oil Industry is playing an important part in improving the economic position of the Sterling Area. The 1¾-million ton Shell Refinery at Geelong, Australia, is designed to be one of the largest and most modern oil refinery in the Commonwealth. Petrol and Diesel Oil for Melbourne, 36 miles away, will flow via an 8-inch oil pipeline, the longest yet to be laid in Australia. This will be capable of delivering 28,500 gallons of petrol an hour. The Commonwealth is the world's second largest user of oil products and in nearly every Commonwealth country oil products constitute a large proportion of imports and the Sterling Area consumption is at present at the rate of about 70 million tons a year. Meanwhile the *Oil Industry's search for new fields* in many parts of the Commonwealth is expected to gather added momentum this year. Exploration work is being actively pursued in British Borneo, Trinidad, India, Pakistan, Papua and many parts of Australia.

AGRICULTURE

***Fertiliser Prices* Reduced:** The Government of India, with a view to providing an incentive to the cultivators for increased utilization of sulphate of ammonia, fixed the delivery price of the fertiliser at Ris 315 per ton f.o.r. works, freight paid to railhead destination in respect of supplies made to the State Governments. The State Governments have in turn generally agreed to sell the fertiliser to the cultivators at a retail price not exceeding Rs. 345 per ton. The fertiliser was hitherto sold by the State Governments at prices varying from Rs. 350 per ton to Rs. 450 per ton. In the case of allotments of sulphate of ammonia to firms engaged in the distribution of fertilisers to tea and coffee plantations the new price came into effect from March 15, 1954.

* * * * * * *

***Breeding* of American Variety of Cotton:** The Central Cotton Committee has approved a scheme for the breeding of cotton suitable for cultivation in the rice fallows of Tanjore district. The object of the scheme, which will be for five years in the first instance, is to evolve a strain better than P.-216 F. in regard to earliness, yield and quality. The scheme is likely to be extended for a further period. It is understood that the Agricultural Research Station at Adthurai in Tanjore district will shortly take up the scheme for execution.

Leaf Tobacco Production: World Production of leaf tobacco in 1953 is estimated by the U.S. Department of Agriculture at 7,324 million pounds. This is an increase over the quantity harvested in 1952 despite the large decline in U.S. production from 2,255 pounds to 2,046 pounds. Total 1953 production in Asia is estimated at 2,923 million pounds, about 4 per cent above 1952. Countries which registered increases in output in 1953 included Burma, with a production of 100.8 million pounds; Ceylon, with 8.3 million pounds; India, with 490.6 million pounds; Japan, with 247.2 million pounds, and the Republic of Korea, with 39.5 million pounds. Production in the Indo-China area, at 20 million pounds, was about the same as in 1952. Slight decreases were registered by Pakistan, with a production of 165.5 million pounds; Indonesia, with 105.0 million pounds; the Philippine Republic, with 54.0 million pounds; Taiwan, with 19.4 million pounds, and Thailand, with 40.6 million pounds.

* * * * * * *

Nuclear Seed Multiplication Farm at Burdwan: The Agricultural Research Sub-Committee of the Indian Central Jute Committee, which recently met in Calcutta with Shri K. R. Damle, I.C.S., Additional Secretary, Union Ministry of Food and Agriculture, in the chair, decided to take advantage of the current jute sowing season in the setting up of a nuclear seed multiplication farm under the I.C.J.C., as recommended by the Quality Expert Committee of the Government of India. With that end in view, arrangements are being made to secure from the Ministry of Defence, Government of India, a 200-acre block of land at Panagarh, Burdwan. The Sub-Committee also recommended that the Government of West Bengal be approached to make available to the I.C.J.C. 50 acres of low land adjoining the Jute Agricultural Research Institute Farm at Nilgunge, Barrackpore, so that the Institute can carry out rotational and double cropping experiments with jute and paddy.

FINANCE

***Liquid Assets of People of U.S.A.*:** According to one source the people of the U.S.A. possess liquid assets totalling $276,354 million which are comprised of the following: $69,100 million in savings accounts in banks and postal savings. $21,154 million in savings and loan associations. $65,900 million in U.S. Government securities. $65,500 million cash value of life assurance policies. $54,700 million in individual personal checking accounts. The National debt stood at $273,500 million (October 1953). One year's national income is 113.6 per cent of the national debt.

* * * * * * *

U.K. National Assistance Estimates: The U.K. 1954-55 Civil Estimates for Pensions, National Insurance, and National Assistance, recently presented to the House of Commons, provide for an expenditure of £142 million (net increase of £4.85 million over revised estimates of expenditure in 1953-54.) Expenditure on national assistance is estimated at £132.5 million, a net increase of £4.78 million. Family allowances are estimated to cost £105.5 million, an increase of £1.5 million. Exchequer contributions to the National Insurance Fund and the Industrial Injuries Fund are estimated at nearly £78 million. Cost of war pensions will fall by £1.9 million to £81 million. Expenditure on superannuation and retired allowances is expected to increase by £1.2 million to £10.45 million. Expenditure on civil defence services is expected to show a decrease of £3 million to £16.3 million.

* * * * * * *

Flood Relief in Bihar: During 1953, the Government of India had sanctioned to Bihar 50 per cent grant towards the following items for purposes of flood relief.

(i) Gratuitous relief in the shape of supply of food grains and weekly cash payments, subject to a maximum of Rs. 60 lakhs. (ii) Rebuilding of houses, subject to a maximum of Rs. 15 lakhs. (iii) Schemes intended to provide employment to the middle class, estimated at Rs. 25,000. (iv) Schemes involving hard manual labour which do not create permanent assets, subject to a ceiling of Rs. 50 lakhs.

* * * * * * *

Central Assistance to States: Central assistance to States by way of loans and advances under the Five-Year Plan during 1951-54 amounted to about Rs. 266.2 crores. The assistance under the broad heads was:

(Rs. crores)

	Part 'A' States	Part 'B' States	Total
G.M.F. including minor irrigation ..	24.9	9.2	34.1
Special development fund	44.5	18.5	63.0
River valley schemes ..	119.5	2.5	122.0
Rehabilitation ..	29.8	2.9	32.7
Natural calamities ..	2.4	1.8	4.2
Industrial housing ..	2.4	1.5	3.9
Community projects ..	0.3	0.1	0.4
Loans for permanent improvement in scarcity areas ..	3.0	1.5	4.5
T.C.A. tube-wells ..	0.8	0.1	0.9
Miscellaneous schemes	0.44	0.01	0.45

Out of the total Central assistance of Rs. 266.2 crores, Part 'A' States were given Rs. 228.0 crores and Part 'B' States Rs. 38.2 crores.

* * * * * * *

Central Grants to Andhra: Central grants to the Andhra State Government during 1953-54 were: Grow More Food (Rs. 9,81,604); National Extension Service Blocks (Rs. 9,00,330); Local Works (Rs. 7,38,000); Development of Handloom Industry (Rs. 22,62,206); Welfare of ex-Criminal Tribes (Rs. 1,50,000); Welfare of backward classes other than Scheduled Castes (Rs. 50,000) and ordinary Central Road Fund Reserve (Rs. 3,00,000). The composite State of Madras was allotted a grant of Rs. 9,50,000 for the welfare of Scheduled Castes and Tribes.

TRADE

Export of Indian Coarse and Medium Varieties of Cloth: The export of medium cloth has increased from 22.9 million yards in October 1953 to 49.3 million yards in January 1954. The figures for coarse cloth are 24.3 million yards in October 1953 and 24.6 million yards in January 1954. The Government proposes to set up an Export Promotion Council, which is expected to stimulate exports by keeping in close touch with overseas markets, and conducting necessary propaganda. Another scheme relates to handloom goods in which Marketing Officers are to be posted at Colombo, Baghdad, Rangoon and Singapore. Emporia for the sale of these goods are to be opened at Colombo, Bangkok, Singapore Rangoon, Chittagong, Aden and Karachi.

* * * * * * *

Trade Figures Show Increase for Half-Year: Australian exports for the six months ended December 1953, totalled £A 444.0 million compared with £A 413.8 million during the corresponding period of 1952. Value of imports also increased from £A 252.5 million in the first six months of 1952-53 to £A 318.1 million in the first half of 1953-54. For the six months ended December 1953, the excess of exports over imports was approximately £A 125.9 million compared with an excess of approximately £161.3 million in the corresponding period of 1952.

* * * * * * *

Indian State Trading Schemes: It was recently stated in Parliament that eleven schemes of Government trading were still functioning: Purchases of the Ministry of Food and Agriculture; Purchases of food grains by the Local Administration; Scheme for the purchase of Fertilisers; Land Reclamation Scheme (scheme for the rehabilitation and utilisation of used tractors); Medical Stores Depots and Factories; Purchase of quinine and quinine substitutes; Cinchona cultivation by the Russian Method; Scheme for the supply of consumer and other stores in Andamans; Purchase of stores and reserve stocks of equipment for the training of demobilised service personnel; Import of Steel, and Road Rollers—Bulk Procurement Scheme. The scheme for export of coal and coke, which was functioning in October 1951, had since been discontinued.

* * * * * * *

India Chief Supplier of Hessian to Ceylon: India continues to be the chief supplier of hessian to Ceylon, according to the February, 1954 issue of "Jute Bulletin" issued by the Indian Central Jute Committee. During the nine-month period from January to September 1953, Ceylon imported 1,859,000 yds. of hessian worth Rs. 1,249,741 compared with 1,353,550 yds. valued at Rs. 1,299,235 in the corresponding period of the previous year. The reduction of export duty on jute hessian and the consequent fall in price is expected to result in larger imports of this commodity into Ceylon. The high price of hessian had been standing in the way of more frequent change of hessian in the tea factories.

MISCELLANEOUS

U.S. Milk Production: Milk production of U.S. cows in the year 1952-53 was about 123,000 million pounds; an increase of some cows on U.S. farms in June 1953, numbered over 22 million head. Average annual production of a U.S. cow in 1953 was 5,323 pounds. During 1953 over a million cows in Dairy Herd Improvement Association tests averaged 9,172 pounds of milk and 370 pounds of butterfat per cow, and there are many higher producing cows in dairy herds that annually produce 20,000 to 35,000 pounds of milk and over 1,000 pounds of butterfat.

* * * * * * *

Burma to Receive W.H.O. Assistance: Assistance to the Government of the Union of Burma in strengthening the country's environmental sanitation services will be provided by the World Health Organisation under the terms of an agreement just concluded for implementation during 1954 and 1955. The agreement is in line with W.H.O.'s policy of emphasis on maximum aid to its Member States for the purpose of eliminating water and filth-borne diseases. An international public health engineer to act as chief adviser to the project is now being recruited. Two Burmese engineers who were trained abroad have now returned to head the Division of Environmental Sanitation. The senior public health engineer to be provided by W.H.O. will assist them in further developing a nation-wide programme in environmental sanitation, including water-supply and waste-disposal, housing and control measures in regard to distribution of food milk. U.N.I.C.E.F. will also assist the project by providing supplies and equipment for use in the training areas.

* * * * * * *

Progress of Industrial Housing Scheme: Of 30,948 tenements sanctioned for construction under the Subsidised Industrial Housing Scheme during 1952-54, 5,487 have been completed and 12,271 are under construction. Statewise, the number of tenements sanctioned and completed respectively are: Bhopal 250 (nil); U.P. 6,527 (2,380); Madhya Bharat 3,544 (1,690); Hyderabad 4,004 (381); Bihar 1,370 (204); West Bengal 484 (112); Madras 368 (112); Mysore 2,553 (358); Punjab 752 (220); Bombay 6,523 (nil); Orissa 841 (nil); Andhra 150 (nil); Saurashtra 792 (30); Madhya Pradesh 850 (nil); P.E.P.S.U. 150 (nil); Rajasthan 368 (nil); Himachal Pradesh 50 (nil); and Delhi 1,376 (nil). The total grants sanctioned to various States, employers and workers' co-operatives since 1952 as subsidies and loans amount to Rs. 795.09 lakhs. Payments by way of loans actually authorised so far to various States total Rs. 151.27 lakhs.

NEWS IN BRIEF

INDIAN

It is reported that Orissa is shortly to set up four Ferro-Manganese plants in the State. Koraput Keonghar, Bonai and Sundergarh are the four areas mentioned in connection with the allocation of plants.

* * * * * * *

According to information received, the Central Committees for Land Reforms and for Community Projects and National Extension Service consist of Members of the Planning Commission and the Ministers concerned; the Committees do not entail any special expenditure.

* * * * * * *

According to the Deputy Minister of Finance the total amount of loans sanctioned by the Rehabilitation Finance Administration from December 1, 1953 to February 28, 1954 was approximately Rs. 82.73 lakhs.

* * * * * * *

According to information received the Reserve Bank of India has on request from the Hyderabad State Bank granted a licence to the former to deal in foreign exchange.

* * * * * * *

A loan of Rs. 10 lakhs has been granted to the Punjab Government by the Union Ministry of Rehabilitation to enable the State to grant building loans under its cheap housing scheme. About 6,800 developed plots will be affected by these loans.

* * * * * * *

A fifteen-year Tata-Diamler Benz (German) Company agreement for the manufacture of trucks in India has been signed. The German firm is expected to contribute 30 per cent of the capital outlay and provide technical assistance. An initial annual output of 3,000 trucks is planned.

* * * * * * *

The Government of India has reviewed the policy with regard to export of Kyanite for the year 1954 and decided to give established shippers and mine-owners allotments equal to those made during 1953.

* * * * * * *

The National Sample Survey work is being conducted in 960 villages and 444 urban blocks selected to form a random sample throughout the Indian Union (except Jammu and Kashmir), under the guidance of the Honorary Statistical Adviser to the Cabinet and experts attached to the various Ministries. The programme of the N.S.S. is periodically discussed at the conferences of the Central and State Statisticians.

* * * * * * *

The Government of India has earmarked Rs. 10,03,000 for increasing cultural relations with foreign countries. The programme for the year includes more cultural and goodwill delegations, organisation of art exhibitions, mobile libraries and film units abroad and participation in international congresses and conferences.

* * * * * * *

The year 1954-55 will see the start of operations in the two Oil Refineries of India with a total annual capacity of about 3.2 million tons of crude oil. The Standard Vaccum Refinery is expected to be commissioned in July next, about 6 months in advance of the original schedule. The Burmah-Shell Refinery is likely to be commissioned in the first quarter of 1955. Work on a third Caltex Oil Refinery at Visakhapatnam with an annual output capacity of half a million tons of crude oil is expected to start in the beginning of 1955.

FOREIGN

The U.S. President has granted Bolivia an additional $3 million worth of wheat in addition to the $5 million worth given last October. Shipments have been going to Bolivia at the rate of 7,000 tons a month, final deliveries are due in mid-June this year.

* * * * * * * *

Several hundred thousand yards of Soviet grey cotton cloth have been bought by British companies for finishing and re-export to West Africa. The quality of the cloth is comparable to Japanese and British products.

* * * * * * * *

The U.N. Children's Emergency Fund has released materials and equipment worth $80,000 for three health projects in Ceylon. The projects are anti-malarial and anti-tuberclosis campaigns and a maternity and child welfare programme.

* * * * * * * *

Spain's wheat crop in 1953 has been estimated at about 3.3 million tons (1 million tons short of national need). Spain has been able to purchase 300,000 tons of wheat from the U.S.A. to meet consumption till next harvest and will make payment in pesetas.

* * * * * * * *

The Ford Motor Co. of Canada raised dollar sales in 1953 to $309,443,029—an increase of $41,759,060 over 1952. Sales in Canada alone amounted to $287,469,995, an increase of 26 per cent.

* * * * * * * *

According to the 1954 American Jewish Year Book the Jewish population of the world totals 11,627,000 of whom more than 5 million live in the U.S.A., about 2 million in the Soviet Union and 1.46 million in Israel.

* * * * * * * *

The Canadian Government has at the request of the Government of India, allocated $5 million of its Colombo Plan appropriation to the purchase of copper and aluminium for use in India's economic development.

* * * * * * * *

The Pakistan Textile Commissioner recently ordered the imposition of control on price and distribution of indigenous mill-made cloth. Earlier, the Textile Commissioner had issued similar orders in relation to imported cloth.

* * * * * * * *

Britain recently pledged full support to a proposal that experts should be appointed to study the problem of raising living standards and fostering economic development in Southern Europe. This proposal was made by Italy, Yugoslavia, Greece and Turkey at the ninth session of the U.N. Economic Commission for Europe.

* * * * * * * *

The Armour Research Foundation of the Illinois Institute of Technology have announced the re-assignment, at the request of the Government of India, of Dr. John Schnur to assist in setting up a foundry-training centre in India. Dr. Schnur has already spent 20 months in India.

* * * * * *

At the invitation of the Central Cotton Committee and the Textile Association of India, the National Cotton Council of America and the U.S. Department of Agriculture are sending a five-man team of cotton technologists to India to exchange growing and processing techniques with Indian experts.

* * * * * *

Turkey will get an additional $30 million in economic aid from the U.S. Government, before June 1954, as a result of President Bayar's visit to the U.S.A.

2,000,000 POLICIES IN FORCE

The 83rd Annual Report of the Sun Life Assurance Company of Canada to the holders of its two million policies and Group certificates reveals that more than Rs. 1.92,00,00,000 of new Sun Life insurance was purchased last year, bringing total insurance in force to an all-time high of Rs. 18,92,69,00,400. In 1953 the Sun Life paid out policy benefits totalling Rs 41,68,59,337, highest figure in the Company's history and the equivalent of nearly over Rs. 16 lacs each working day. Total payments since the first Sun Life policy was issued in 1871 are now Rs. 9,09,66,63,340.

83 YEARS OF PUBLIC SERVICE

A summary of the progress of Canada's leading life company since the first Sun Life Policy was issued in 1871.

	Insurance sold during year.	*Insurance in force.*	*Benefits paid during year.*	*Total Benefits since Organization.*
1873	Rs. 24,15,167	Rs. 50,47,667	Rs. 20,480	Rs. 20,480
1893	2,93,06,343	9,26,65,853	11,44,710	78,34,283
1913	11,43,03,057	67,58,61,657	1,66,08,510	13,13,62,330
1933	72,22,93,853	9,23,48,46,236	32,48,56,864	2,66,72,33,446
1953	1,92,31,55,103	18,92,69,00,400	41,68,59,337	9,09,66,63,340

FINANCIAL STATEMENT AS AT DECEMBER 31, 1953

ASSETS

Bonds—Government, municipal, public utility and other		Rs 4,28,81,31,204
Stocks—Preferred and guaranteed		9,20,03,720
Stocks—Common		27,32,92,533
Mortgage loans on homes, industrial plants, etc.		87,65,33,057
Real estate—Company buildings		4,22,52,757
Real estate—Held for investment		1,78,54,077
Loans to policyholders on their policies		26,63,29,443
Outstanding and deferred premiums		8,96,54,883
Interest and rents due and accrued		5,42,52,003
Cash		9,01,07,260
Other assets		88,88,663
	Rs.	6,09,92,99,600

LIABILITIES

Actuarial liabilities:		
Insurances	Rs. 3,54,33,41,754	
Annuities	1,32,50,95,973	
		4,86,84,37,727
Policy proceeds and other amounts left at interest for future distribution to policyholders and beneficiaries		56,96,53,713
Reserves on Company pension plans		3,95,24,723
Death claims reported for which proofs had not been received at December 31st		3,02,76,857
Provision for unreported claims		1,,39,79,023
Matured endowments, annuity and dividend payments awaiting discharge		2,62,38,007
Dividends payable to policyholders during balance of dividend year and dividends contingently allotted		4,43,18,230
Taxes, commissions, etc. due and accrued		2,17,10,010
Miscellaneous reserves and liabilities		3,85,66,537
Investment reserve		3,33,33,333
Accident and sickness insurance fund		10,89,820
Capital stock Rs 66,66,667 and Shareholders' account	Rs 80,62,763	1,47,29,430
Contingency reserve	Rs. 5,00,00,000	
Surplus	Rs. 34,74,42,190	39,74,42,190
	Rs	6,09,92,99,600

The above figures are based on the Reports submitted in dollars to the Canadian Department of Insurance and have been converted into Rupees at the rate of exchange of 0.30 dollars to the rupee

SUN LIFE ASSURANCE COMPANY OF CANADA

(Incorporated in Canada in 1865 by Act of Parliament as a Limited Company.)

Leader in world-wide life insurance, the Sun Life of Canada gives unequalled service to the holders of its 2,000,000 policies and Group certificates from branches situated in strategic key centres. IN NORTH AMERICA. 102 offices . IN THE BRITISH ISLES. 26 offices . IN LATIN AMERICA. Buenos Aires. Havana, San Juan IN INDIA AND CEYLON Bombay, Calcutta, Madras, New Delhi, Colombo IN SOUTH AFRICA. Cape Town. Durban, Johannesburg . . IN: Hong Kong, Malta. Manila. Singapore, and the West Indies

NEW DELHI OFFICE

Marshall House, Hanuman Road, New Delhi

P. O. Box 688

A. D. SMITH. Branch Manager.

A Window On The World

FREUD'S CHALLENGE TO PHILOSOPHY

By

ODYSSEUS

I REVEALED HERE last week that in response to a suggestion made in this column, Mr. Humayun Kabir, Educational Adviser to the Government of India, and Secretary of the Editorial Board of Maulana Azad's monumental "History of Philosophy: Eastern and Western" (Allen and Unwin 1952), has promised that a chapter on the work of Freud will be added when the second edition is issued.

This week, therefore, I will try to explain why I believe that Freud's theories on psychology launched simultaneously one of the biggest scientific advances and one of the worst philosophic set-backs that the world has experienced since Darwin achieved the same twin result with his theory of evolution, the scientific applications of which revolutionised the natural sciences and the philosophic misinterpretations of which let loose nineteenth century materialism from whose darkening counsels we seemed about to emerge when we were stricken down anew by the philosophic misinterpretation of Freud.

Prior to Freud, psychology was broadly speaking descriptive of, rather than explanatory of, motives. Such explanations as were offered were essentially based on introspection in which the psychologist examined his own motives for loving, hating, or fearing, and then built his findings up into laws which gave a limited description of the psychology of a middle-aged intellectual, but did not explain why more full-blooded persons became dictators, murderers, or suicides. Binet, William James, and others, had got as far as postulating an unconscious mind at work, but it was Freud who first explained, (1) why there is an unconscious, (2) the role that it plays in a man's life, (3) how its contents can be investigated, and (4) how it can be turned into man's enemy by being kept at bay or can be enlisted to build up a harmonious personality.

Perhaps the easiest proof among the many available for the existence of the unconscious lies in post-hypnotic suggestion, when a hypnotist puts a subject into a trance and tells him to perform some specified act—such as blowing his nose or shutting all the windows—ten minutes later. The hypnotist then brings the subject out of the trance. The subject behaves normally until punctually at the specified time he performs the specified act. The explanation of this phenomenon is that the command given to the subject has been stored in some part of his personality of which he is unconscious until, acting on the suggestion made to him, he brings it out into his consciousness and acts on it.

WHAT IS THE "UNCONSCIOUS"?

Freud explained that ideas could be kept unconscious by repression (or passed from the conscious to the unconscious by suppression). The unconscious is a receptacle for conflicts—a locked cellar into which a man represses his painful memories (particularly of childhood, but also of maturity as when a shell-shocked soldier supresses the terrible experiences of battle), a cellar in which he keeps padlocked those animal or childish desires that civilised society insists should be controlled.

Indignation was aroused by Freud's assertion that man's most important instinct was sex (partly because of the broad meaning that Freud gave the term which in his books does not always mean what the man in the street thinks it does). But it is surely to man's credit that he desires to keep his more primitive impulses under control. It is precisely by developing such controls that we have developed morality and civilisation. I suggest, therefore, that man's handling of sex should be a matter for congratulation rather than for disgust.

The unconscious prompts us to "rationalise", i.e., to give a soothing explanation of something that we have done of which our conscious disapproves, e.g., the bank clerk who helps himself to the cash does not admit that he is stealing; he is taking a loan, that he fully means to repay, from those who are rich enough not to miss it.

Freud also amassed evidence to show that dreams are disguised representations in the sleeper's consciousness of wishes and conflicts in his unconscious.

We are, alas, all consciously aware of some of our conflicts. A man may be faced with a conflict between loyalties if, for example, he catches a friend in a dishonest act, or his wife in the arms of another. And we all know what miseries such conscious conflicts can cause. Painful decisions force themselves on us. The harmoniously developed person takes his decision: he faces reality. The neurotic represses (or supresses), but the trouble is that neither repression nor suppression get rid of the conflict; they merely transfer it, unsolved, from one part of the personality to another. The conflict will force itself out of the unconscious in a variety of ways, ranging from nightmares, feelings of acute anxiety, outbursts of uncontrollable anger, jealousy, self-pity, melancholia, or it may force the personality to take refuge in gambling, drink, nymphomania, violence, crime, suicide, or the hallucinations of the lunatic.

Freud established that virtually all basic neurotic conditions are created in early childhood and arise from conflicts in the relationships between children and parents.

THE UNHAPPINESS OF CHILDHOOD

It is a popular fallacy that childhood is a happy time. Intelligent parents can make it happy, but it is not intrinsically so. "The happiest time of your life" is a rationalisation by an adult when, faced with the responsibilities of life, he thinks back to his childhood and wishes that he were still protected by his mother and father from all such responsibilities. He forgets that every age has its own problems. Those of childhood are often made particularly distressing by thoughtless or uneducated parents who forget the child's helplessness and utter dependence on them. A grown-up whose employer (or other person in authority) makes him feel dependent knows humiliation, but if he is wise he will organise compensations for himself in one way or another inside or outside his working hours. He "adjusts". The child cannot, He has neither the reasoning powers, nor the emotional equipment, nor the experience. When he is made to

feel dependent, when he is "treated like a child" excessively, ordered about without rhyme or reason, he is humiliated and enraged more deeply than the similarly placed adult because the child has no solution to his problem. A lasting conflict is thus set up in his unconscious.

Freud noted that such conflicts affect both girls and boys. Girls find their mothers in the way of their instinctive attitude towards their fathers, and boys find their fathers barring their instinctive approach to their mothers. These are known respectively as the Electra and the Oedipus complexes, from the Greek myths in which Electra killed her mother and Oedipus (unknowingly) married his mother and killed his father. If these propositions are true, it is only to be expected that, touching on the deepest emotions of men and women—their parental relations and childhood memories —they should arouse fierce reactions.

In the course of analysing many dreams, Freud established that certain symbols used to disguise wishes from the conscious were not peculiar to individual dreamers but were common to man. Thus certain recurrent symbols represent the father or the mother, or man and woman, etc. When we remember the part that symbols—as a sort of telegraphic writing to convey a whole complicated assortment of feelings, ideas and emotions—play in the conscious life, e.g., the image of Asoka's wheel in the national flag, or the conventional symbols used to distinguish Shiva Nataraja, crushing the dwarf Muyalagan under his foot, his right hand sounding the cosmic drum, his left hand holding the flame—it is surely not difficult to accept the probability that the unconscious also finds it convenient to deal in conventional symbols.

Freud discovered that the neurotic can be cured by analysing his dreams, which reveal the unconscious conflict that is driving him to drink or to women; the next step is to show him how to "live with himself" by re-directing (sublimating) his conflicting desires into socially acceptable activities.

Now, as clues to help lay men the better to understand the motives of their neighbours, or doctors to cure the mentally sick, or the state to seek the regeneration of those whom it sentences to terms of imprisonment, all this is revolutionary, and is admirable beyond praise.

But the disaster of the past thirty years has been that the Freudians have applied theories which satisfactorily explain pathological symptoms to explain away ethics, religion, and metaphysics, with such apparent success that the average educated man of most countries today thinks that nobody can really be held morally responsible for actions that used to be praised as "good" or blamed as "bad" because they believe that all the conscious faculties of men are beyond their control, deep in the unconscious. Courage, for example, is merely sublimated masochism. Conscience is but a sublimated feeling of guilt derived from memories of parental scoldings; it is purely utilitarian and has no spiritual significance. God is a creation of the human mind—a comforting "exteriorisation" of the child's protecting father. Religion is a combination of regressions towards childish attitudes and of tribal sanctions for propping up socially desirable conduct. The net result has been a slackening of the sense of individual responsibility among the intellectual elites of all nations.

It seemed to me that the absence of any discussion of this world-wide conflict between modern psychology and philosophy was a serious gap in Maulana Azad's monumental "History of Philosophy". In the light of Mr. Humayun Kabir's welcome promise that this gap is to be filled, I propose next week to direct attention to certain specific points of challenge to philosophers on which I believe it important that they should reassert their rightful supremacy.

Note: This is the second of four articles with the general little of "The Conflict between Modern Psychology and Philosophy". The first, "The Best Dialogues Since Plato", appeared last week. Next week's will be entitled "A Figment of My Unconscious".

IOB

THE INDIAN OVERSEAS BANK LTD., MADRAS

Established 1937.

Subscribed Capital ... Rs. 50,00,000
Paid-up Capital ... ,, 48,98,425
Reserve Fund ... ,, 19,00,000.

Branches in India, Burma, Ceylon, Malaya and Thailand.

FOREIGN CORRESPONDENTS AT ALL IMPORTANT COMMERCIAL CENTRES

For those who trade abroad The Indian Overseas Bank provides an efficient service through its own branches and a world wide system of Agents and Correspondents.

★ SAFETY LOCKERS: For those people who prefer to keep their documents and valuables etc. under their own private control, SAFETY LOCKERS of various dimensions are available at our Calcutta Branch.

1082-4



Beautiful Padmini could not be captured

So beautiful was this renowned princess of Chitor that just a glimpse of her reflection in the mirror was permitted to the Mogul Emperor only after much hesitation. She was always robed in garments of rare beauty. Today even you can buy such exquisite garments because N.R.C. rayon yarn makes dress materials of rare beauty. This well known yarn of high strength and beautiful finish is available in 120 and 150 deniers.



THE NATIONAL RAYON CORPORATION LIMITED

Managing Agents: CHINAI & CO. LTD.
Office: Ewart House, Bruce Street, Bombay 1.
Factory: Mohane, Kalyan, Bombay State.
Distributing Agents:
M/s. Rochaldas Gidoomal & Co.,
Katra Ahluwalian, Amritsar.

EVEREST



journey to prosperity

The huge, long train chugs and wheezes and groans to a stop. Villagers—eager, expectant, excited—gather round . . . it is an event of historic importance in the life of the community. For, village produce, the fruit of their labour, will travel to the city in this train.

In the years to come the produce of our villages will flow to the cities on thousands of miles of rails and roads. 3,000 miles of track will be rebuilt during the period of the Five Year Plan. 770 miles of new concrete roads, 66 giant bridges will be constructed to lay the foundations of an efficient communications system. Along these arteries of trade, commerce and culture our people will journey to a richer, more complete life.

Lakhs of tons of Steel will be used to implement the many diverse projects of the Plan. And so, in numerous significant ways Steel will provide the foundations for a richer, more rewarding future for our nation and our people.

THE TATA IRON & STEEL COMPANY LIMITED

TN 3934

A DELHI DIARY

IMMODERATE HOLI

I DO not remember any Holi such as this last. On Saturday morning near the area where I reside (which incidentally contains 'The Eastern Economist!') there was more hooliganism than is good for good feeling or for good public relations. At about 12 noon (at least two hours late!) policemen were duly posted to prevent any further display of wild spirits. I have never been so glad to see a policeman before. There is nothing wrong with the festival of colour; it can be a wonderfully joyous occasion; it can also be a quite salutary instrument of public health. After all a bath is compulsory after the celebrations; and it is not a little fortunate that, after this bath, clothes have also to be changed. I have it on the high authority of a Municipal Commissioner that but for Holi (and vaccination!) the death-rate due to infectious diseases in Delhi would be twice what it is!

But why was this Holi so much more gay than any other? My theory is that this is the best agricultural year that India has ever had; what with deficit financing (or its absence?) there is plenty of income about, real or the imaginary kind. People are genuinely more cheerful notwithstanding the U.S.-Pakistan Pact, the Cold War, the cost of living and unemployment. I am Marxist enough to admit that material factors arranged the cast of mind at least on this occasion; only I sincerely hope (if material prosperity is to have these consequences!) that it should come inevitably with gradualness. I would personally also have been happy if the dignity of our leaders such as the President, the Prime Minister and the Home Minister, were not impugned in any way. They are, of course, capable of gaiety; but from the manner in which the Press emphasised their participation in Holi, one would almost have thought that their sense of humour needed to be underlined. And why was Dr. K. N. Katju, the Home Minister, shown in some pictures looking like a clown? After his arduous work on the Press Act, he was certainly entitled to let off steam; but was it necessary for this to be in as public a form as his Parliamentary labours?

THE FINANCE MINISTER

However, it is now all over—almost with a bang or, perhaps, a whimper! The Finance Minister (who was conspicuous by his absence during Holi!) has come quietly to the fore and holds the spotlight both in Parliament and outside. On Monday, before the clamour started, he appeared in the role of Santa Claus with a reduction of the excise duties on footwear, soap and artificial silk. The reductions proved to be more complicated than the original proposals; nobody in Parliament, as far I know, is able to do these sums properly. The Finance Minister can thus get away with any figure for the loss of revenue due to these reductions. The canons of reduction were all different; in one case —footwear—it was related to the number of workers. In the case of soap, it was the just 150 tons; in the case of artificial silk it was something to do with square yards. I suppose all these calculations can be put into Rupees and added up. But I have tried for many hours and failed. Will not someone prepare a Ready Reckoner for excise duties as enterprising gentlemen do for Income Tax and Super Tax?

My difficulties are, however, not only arithmetical. The Finance Minister explained, convincingly enough, that he was giving relief to the small and medium producer. But surely the outcry was not so much from the producer as from the consumer. Does the Finance Minister contend that, having given this relief to the medium and small producer, prices in none of these taxed items will rise against the consumer? Is it believed that the large producer can absorb the whole of the impost? Even if this were so, would not his profits be down and, therefore, the income-tax and corporation tax receipts of the Government of India? I am quite unconvinced that the net result is in the Government of India's interests; it is, of course, most unlikely, therefore, that it is in the national interest because everyone else seems certain to lose. Is it worth while continuing with these dubious levies, the total effect of which not even the Central Board of Revenue can adequately determine? For my part—and I expect I am a typical consumer!—I am now using less soap. Is this not a tax on Public Health?

FINDING THE SCAPEGOAT

This is the Parliamentary tale. But there is a much more interesting story going its rounds outside Parliament. This is concerned with finding a scapegoat to explain the non-utilisation of resources provided in the current year's budget for capital works in the Plan. The Finance Minister was in excellent form on Tuesday; he marshalled his facts with consummate ease, being not infrequently ready to argue on both sides of the fence. To the members who had complained about the slowness of the pace, he had one rebuke. "If members want acceleration of the implementation of the Plan they should not complain about increase in the provisions of Rs. 3 crores for general administration, Rs. 5 crores for External Affairs, Rs. 2.5 crores for Transport, Rs. 9.5 crores for Medical and Public Health" and so on. All of which was very sensible, but who said that the expansion of Rs. 5 crores under External Affairs was implementation of the Plan? And is provision the same thing as implementation?

In any case, the Finance Minister was quickly on the other foot. To those who complained that the Finance Ministry was hindering expenditure, he pointed to a shortfall of Rs. 51 crores. The Education Ministry had failed by Rs. 2 crores, the Community Projects by Rs. 4 crores, the Ministry of Railways by Rs. 17 crores, Rehabilitation by Rs. 4 crores. In regard to the Irrigation and Power Ministry the shortfall was Rs. 9 crores including Rs. 3½ crores in the river valley projects. There is no doubt that the failure to spend can only very distantly be laid upon Finance. It is primarily the failure of every Ministry in the Government of India to work quickly on schemes which can be translated into action. I know myself seven cases —three belonging to one Ministry—where a case has been dealt with immediately by the Ministry of Finance only to be virtually pigeonholed on its arrival in its parent Ministry. To make Finance a scapegoat for the failure to spend which is the result of mental paralysis in the spending Ministries of the Government of India is an act of wild injustice on which too little has been said.

This has become a major issue in New Delhi because of the (secret) Chanda Report. Everyone grumbles about the difficulties of getting through Finance; it is only right today that the Finance Minister should expose Ministries that have come up for sanction for lump sum provisions without any concrete details and, after receiving these sanctions, are quite unable to spend the sums heaped upon their heads. The Prime Minister really should go into this matter himself. That is the only one-man Committee in India which will ever work. Will not the Prime Minister leave the great big world alone for just one week and consider exactly why these vast sums which Finance provided were not utilised? It is time that Parliament knew the whole truth about this matter. The Finance Minister rightly demanded that the wealthy private goose should lay golden eggs if it is to continue to receive the generous gift of mere existence. But what has he to say about the wealthy public goose which refuses to lay any eggs at all? Shall it waddle away unscathed?

ARGUS.

SPECIAL ARTICLES

ECONOMIC STABILITY IN PAKISTAN

AN economic survey is part of the documents released with the budget of the Central Government of Pakistan, and apart from the fact that it is new, it records some facts which are not as well known as they should be. The economic situation in Pakistan at the present time is paradoxically stable—paradoxically that is, having regard to the ventilation of grievances in the East Bengal elections. Evidence for this statement is so interesting that it must be summarised.

Between January 1953 and December 1953, the average price of wheat in the Punjab has been reduced to less than fifty per cent of the peak scarcity levels. Payments on account of private imports, at Rs. 82.35 crores, were the lowest in 1953 since partition; this reflected the results of the drastic import control, which was introduced from about the end of 1952 and which has been maintained in successive revisions of import licensing policy since then in March, October, and December, 1953. And yet, partly because of the phenomenal rise in industrial production, and partly because of the action taken under the Essential Commodities Distribution Order, 1953, and its predecessors, prices of essential articles in Pakistan have now been brought down appreciably.

At the end of 1952, when the drastic restrictions on imports had just been announced, foreign exchange reserves had reached a low of Rs. 60.61 crores. Since then, however, consistently with the maintenance of the rigour of import policy and with the reduction of prices generally, the reserves have been brought up to a respectable level; and the future is free from anxiety, because both the jute and cotton crops promise to be good, in the sense that the carry-over at the end of the current seasons is likely to be small. For the rest, Pakistan has been enabled to increase the allotments for development; and there is a parallelism with the trends in Indian budget regarding many other matters, which is or should be of interest. This is a degree of improvement, which might have seemed quite impossible about twelve months ago; and it certainly needs an explanation.

The explanation is three-fold. Firstly, there is the recovery in the two staple export crops. This has proceeded to such an extent that the jute support scheme could be abandoned (the loss of about Rs. 8 crores on this scheme is now being written off to revenue at the rate of Rs. 1 crore every year), while the export duty on desi cotton could be reimposed. This does not account on any considerable scale for the improvement, however. The two other explanations of the sound budgetary and economic position in Pakistan, namely, the scale on which foreign aid has been available and the rise in industrial production are undoubtedly much more important than the mere recovery of commodity prices.

The part played by foreign aid is apparent from the table below, which summarises the receipts under certain heads in the Central budget:

(In crores of Pakistani rupees)

	1952-53	1953-54	1954-55
Scheme of state-trading		37.07	16.31
Debt raised abroad ..	6.86	6.65	12.70
Foreign Aid Fund ..	0.23	4.46	15.78

It is obvious that the United States' gift of 700,000 tons of wheat and the U.K. loan of £10 millions and the Colombo Plan aid have, together, gone a long way towards stabilising conditions.

The growth of industrial production locally is also reflected in the changing importance of the principal heads of revenue. The improvement in the yield of Central excise and sales tax is now rapidly wiping out the abnormal losses of customs revenue, which followed the collapse of the Korean boom. Already, customs revenue is now less important than central excise, sales and income taxes, put together. This is a natural but very welcome development from the Central Government's point of view, because it is unnecessary for the budget to be exposed any longer to the full influences of commodity booms and slumps.

The explanation of economic conditions in Pakistan in these terms indicates the permanent nature of improvement which has taken place. In the short period, when the price situation in the country is dependent, as it has so far been, on import policies which follow the fortunes of two cash crops, and when the budgetary situation is equally dependent on the revenue from customs, which has so far been and may still be in some degree unpredictable for the very same reasons, the only major stabiliser is—foreign aid. This must be available (as it has been) at least to last out the period for which the cash crops have to be held in the expectation of higher prices. But if possible, aid can be obtained and used on a larger scale. In the longer period, of course, the diversification of the economy, in the sense of industrialisation, is an inescapable pre-requisite for greater stability. Pakistan's financial policy, as the present budget makes it clear, is based on a clear recognition of both these facts.

For this reason, there would be every reason to expect that budgetary and economic policies in the country will hereafter remain inherently stable in the future, whatever minor upsets there may be from time to time. Indeed, the time seems to have now arrived, when in place of the makeshifts which have been necessary so far, in order to tide over temporary crises, foreign aid, which is now intended to cover the residual needs of the country, and industrialisation, which has proved to be relatively easy in this backward country, will both be accepted as the immediate policies, the programmes being implemented a outrance.

Local industrialisation is not impeded by labour legislation; and a full-fledged and energetic Development Corporation, which is not addicted to doctrinaire policies, has been functioning with a considerable degree of industrialisation already to its credit. From the private entrepreneur's point of view, these conditions are especially attractive, and they may help to maintain or even increase the pace of diversification of the economy.

The progress of industrialisation in five years is summarised in the following table:

	Production in 1948	1953
Surplus yarn (millions of pounds) ..	6.2	52.5
Cloth (millions of yards)	88	238
Cement (thousand tons)	324	596
Safety Matches (thousand gross boxes)	263	1,499
Sugar (tons)	7,414	83,569
Hydrogenated vegetable oils (tons)	98	10,504
Cigarettes (number in billions)		3.994
Woollen yarn (million pounds)		9.69

This table reflects to some extent the fact that it is easy to achieve a fair rate of progress when one is starting from scratch. But it will be unrealistic to dismiss the record of the past five years simply in these terms; and in any case, this does not account for the fact that small loans of the order of Rs. 3.81 crores have been sanctioned by the Industrial Finance Corporation up to the end of 1953, while the Pakistan Industrial Development Corporation has sponsored so far the scheme indicated at the end of this article.

India's interest in these developments is now much less direct than it might have been some time ago, for the reason that the economic ties with Pakistan are not now so close as they used to be. This does not mean, however, that the lessons of the recent economic developments in Pakistan are not of the greatest interest to this country. On the other hand, the improvement of the economic situation in Pakistan is to be welcomed and closely studied for two reasons. Firstly, this is an interesting demonstration that the resources of any economy tend always to be equal to its needs. Secondly, India as a neighbour cannot but welcome any evidence of growing stability in Pakistan, at a time when political developments are apt to lead one to draw the wrong conclusions.

Industry	Progress of Project	Estimated cost of the Project (In Rs. crores)
Jute manufacture	6,000 looms to be installed by the end of 1955 ..	..
Paper	30,000 tons capacity to be attained by mid-1954 ..	6.0
Paper and Board	7,500 tons factory at Nowshera to be completed by mid-1954 ..	0.9
Strawboard	Rahwali factory to be completed by mid-1954 ..	0.6
Newsprint	Estimates for 30,000-ton mill under preparation ..	5.0
Iron and Steel	Surveys for capacity of the order of 251,800 tons are in progress ..	..
Shipbuilding yard Karachi	First phase to be completed in 1955 ..	1.5
Commercial Drydocks at Karachi and Repairs Yard at Khulna	,, ,, ..	5.30
Caustic Soda and Chlorine	10 ton a day plant to be completed by mid-1954 ..	0.26
D.D.T. Plant	Plant estimated to be completed by mid-1954 ..	..
Superphosphate-cum-Sulphuric Acid Plant Hyallapm	,, ,, ..	0.25
Cement	Daudkhel and Hyderabad factories (with a capacity of 150,000 tons) being constructed ..	6.56
Sugar	Of two sugar mills in Thal (capacity, 20,000 tons), the first is expected to start production in November 1954 ..	..
Woollen Textiles	Banu and Harnai mills are in production and a mill in the Thal area has been planned ..	1.25
Cotton Textiles	Scheme Kaliganj mills has been prepared	2.1
	TOTAL cost of schemes sponsored by the Industrial Development Corporation ..	55.00

DEFICITS IN THE STATES

THE budgetary season is not yet over, but all the Part A budgets have now been presented, and enough is known regarding the other states for a general stock-taking to be possible. Within a few days more, these states will be entering into the fourth year of the Plan. Any generalisations which can be made regarding the immediate and prospective future are bound, therefore, to be interesting and profitable.

The table at the end of this article summarises the more salient features of the budgets which have so far been presented. The deficits, it will be seen, are large; and so is the capital outlay on development outside the revenue account, compared with the estimates which were presented a year ago.

Prima facie, the anxiety to get ahead with the Plan may be held to excuse these deficits; and on a broad survey, it will also be possible to derive the consolation that Bombay and Saurashtra in the west of India are progressing very well with the Plan, that all the four southern states (Madras, Andhra, Hyderabad and Mysore) are alive to the need for more taxation, and that East Punjab is similarly raising more or less adequate current resources, so that except for the eastern states of Bihar and West Bengal, the budgetary position might well have been worse—granted the need to realise the Plan.

It is possible to take this easy-going view; and it is precisely because this danger exists that it is necessary to examine the budgets a little more closely. For, as the West Bengal and Mysore Chief Ministers have more than hinted, there is a fundamental disequilibrium in the budgetary position of the states, in spite of the implementation of the Finance Commission's recommendations, and after forthcoming legislation regarding the distribution of estate duty has been taken into account. This must sooner or later be considered.

The situation which exists today in the states is curious in many respects. The Plan involves expenditure which falls into three broad categories, namely, that which is financed from open market or Central Government loans, expenditure financed on a matching basis jointly by the Centre and the states, and expenditure for which the states have to find their own resources. In proportion as the first and second of these categories become important, which is inevitable as the Plan is being stepped up, the burden passes immediately to the Centre. Not only is the Centre now responsible for this expenditure; it is also faced with the prospect of a demand for the conversion of its loans into outright grants. The revenue resources of the states have proved to be extremely inelastic; and much of the apparent increase in revenue is due to the fact that the Centre is making increased payments which go to sustain the yield of the principal heads of revenue. The states have mental reservations regarding their ability to repay the loans, which the Centre is

advancing for these purposes, out of the incomes which have been or will be created out of the loan expenditure—a fear which has already been expressed by the Mysore Chief Minister, and which may in the future lead to an argument in favour of grants rather than loans by the Centre.

If provincial revenue has failed to keep pace with the growth of development, the provincial ways and means position is becoming more and more impossible. As it is, at least three important states will be faced with the prospect of minus closing balances at the end of the financial year 1954-55; and a much-harassed Finance Minister at the Centre may wonder whether there is any difference at all between the Part C states, whose capital budgets are the responsibility of the Centre and the Part A or Part B states, who remain theoretically responsible for their own ways and means.

The immediate and prospective position would be much worse than it is (and it is relevant in this context that if it gets worse it only adds to the Centre's problems) but for two facts. First, there is the probability that the expenditure estimates may not be realised. The table below, which summarises the latest position regarding the states' five-year plans must induce some pessimism regarding their ability to increase the tempo of expenditure.

(In crores of rupees rounded)

	Revised Five-Year Plan	Progress of expenditure up to 31-3-54
Madras	92	45
Bombay	146	83
U.P.	130	62
Madhya Pradesh	65	26
Punjab	32	15
Travancore-Cochin	29	14

Note: Col. 2 figures are based in part on estimates.

Secondly, the progress of decontrol means that state-trading schemes are being wound up. The results show up in a liquidation of stocks, an increase in capital receipts on state-trading account, and the consequent release of locked-up capital. This latter development has been particularly conspicuous in the Bombay budget. But it is by no means peculiar to Bombay.

It would be unwarranted to produce the impression that deficits are always bad or that there are any sure-cures for them. The present and prospective budgetary situation in the states, however, must provoke the following reflections.

The present status of the Plan to raise in the states' budgets Rs. 232 crores by way of taxation or economies is, to begin with, a matter of interest. Madras, Andhra, Mysore, and the Punjab, have revised some land revenue assessments in their latest budgets. But the problem can really be tackled only if fresh settlements are undertaken. The position regarding the revision of land revenue in the other states must also be clarified. To the extent that land revenue cannot be increased, (and a final judgment on this point can be reached only after settlements have been brought up to date everywhere) the loan programme, which the leading states have announced, must be expanded in two directions, namely, collections towards the contemplated state loans of intermediate maturity (which about half a dozen states have already forecast in their budgets) and collections towards small savings, in respect of which the rules have recently been liberalised by the Centre.

Connected with this problem of realising the target of Rs. 232 crores of fresh taxation or economies, to the extent that this is now possible, there are three other proposals which may usefully be considered. In the first place, it is anomalous, to say the least, that at a time when the states are short of cash they should be spending money on acquiring existing undertakings. There should be a ban on these schemes for the duration of the Plan. Secondly, the income potential of the expenditure, which has been financed in recent years from provincial capital outlay on development, must be assessed as a result of a comprehensive and independent enquiry, so that wasteful expenditure in the future may be reduced on the one hand and the income, if any, raised on the other. The disclosure of losses in eleven out of the fourteen commercial undertakings of the West Bengal government indicates the urgency of this examination. Thirdly, in view of the fact that public works accounts for such a large part of the expenditure, the schedule of rates, which is now under examination by an expert committee, and which prima facie leaves considerable scope for economies, must be revised downwards as early as possible.

Bombay has also initiated another interesting experiment which can be considered with benefit by the other states at this stage. Bombay has passed on to the local boards in the state responsibility for some expenditure and is considering the extension of the scope of this experiment. If devolution of responsibility on these lines can be extended, this will avoid, to some extent, the strain on the 'states' budget —provided that the provincial loan account is pruned very rigorously at the same time, in order to ensure that responsibility for raising resources is really passed on at lower levels.

The financial implications of these proposals cannot be precisely assessed. On the facts disclosed, an ad hoc enquiry into the finances of West Bengal and Bihar, which will have to be comprehensive, seems in any case to be necessary at this stage. But land revenue and local loans and small savings have by no means been pumped dry as sources of revenue or receipts, and in view of the abolition of zamindari, the increase in extensive and intensive cultivation and the general price situation, the presumption is that there is still much scope left for initiative at the provincial level.

The principal fact which emerges from the state budgets is not so much that deficits are increasing as that the responsibility for covering these deficits is ultimately passed on to the Centre. The stage has already been reached when the situation which has thus been created is becoming extraordinarily embarrassing to the Central Government. It is from this point of view that pressure from the Centre in order to reduce the overall deficits in the state's budgets will now have to be maintained and increased.

(In lakhs of rupees rounded)

Province	Revenue	Expenditure	Deficit	Capital Outlay
Madras ..	44,60	45,18	—58	11,94
Bombay ..	72,38	72,12	—16	11,54
Bihar ..	29,25	39,73	—10,48	10,59
U.P. ..	77,16	81,07	—3,91	20,22
Assam ..	14,41	16,90	—2,48	..
Andhra ..	21,03	24,02	—2,99	10,19
West Bengal ..	39,93	53,31	—13,37	..
Orissa ..	14,12	14.85	—73	..
East Punjab ..	22,19	23,14	—95	31,73
Madhya Pradesh	28,83	30,68	—1,85	..
Madhya Bharat	15,10	14,96	+14	5,37
Saurashtra ..	11,33	11,81	—48	3,89
Mysore ..	21,21	24,31	—3,09	7,73
Hyderabad ..	27,86	29,02	—1,16	8,85
Rajasthan ..	21,55	21,55	..	..
Travancore-Cochin ..	17,28	18,60	1,32	5,26
Delhi ..	4,45	5,05	—60	..
Himachal Pradesh	3,20	3,20	*	..
Ajmer ..	2,26	2,26	..	..
Bhopal ..	3,29	3,23	+6	..

* Nominal surplus of Rs. 11,000 only.

THE BUSINESS WORLD

FOREIGN INVESTMENT IN CHILE

Chile is a country which has had the benefit of direct private investment in enterprises that are substantially owned or controlled by American investors, but in recent years, the inflow of such capital has not been maintained at the rate at which it has increased in Brazil, Venezuela, Costa Rica, Panama, Uruguay and Peru. The task of reconciling the need to offer inducements, in the interests of developing the country, with the necessity of preserving and enlarging the scope for the growth of indigenous industries has proved to be complex, but recent regulations, which have the force of law, have demarcated a definite field for foreign enterprise. The precedent which has thus been created is instructive as indicating the attitude which some developing countries have considered it necessary to adopt in order to step up the rate of economic development. Relevant portions of the law have, therefore, been reproduced below.

Article 1: The new capital which the nationals or lawful foreigners may invest in the country with the object of beginning, expanding or encouraging activities which may tend to stimulate the industrial development or to better its mineral, agricultural or forest resources, will be govered by the present Decree with Force of Law and will enjoy the privileges established thereunder.

Article 2: Following are the activities which comply with the object, referred to in the above Article:

(a) Those which may have for their purpose the extraction, production, elaboration or manufacture of material, products or merchandise for export which can compete in the international market without the necessity of special protection of the State;

(b) Those intended to produce essential or necessary articles which, at the present moment, have to be imported, provided that such articles can be offered to the consumer at competitive prices as compared to those of the international market;

(c) Those which, after consuming at least 80 per cent of the national material of primary nature, allow substantial increase of the internal supply of national products, provided that through the rationalization or adequate mechanization of their labour it may be possible to procure such a reduction in the costs which can offer an effective benefit to the national consumer, and

(d) Those which promote, through creditable labour, the objects enumerated in the above sub-paragraphs.

Article 3: The amount of capital can be invested only:

(a) In shares, and

(b) In equipment, machinery, implements, articles of prime necessity and accessories necessary for establishing them in the country.

Article 4: When the foreign capital enters the country in the form described in sub-paragraph (b) of the above Article, importation of new machinery and other elements which are necessary for the installation of industries which may not be existing in the country and which consume at least 80 per cent of the primary national material, will be exempt from import duty, ad valorem, warehouse rent, statistical or other charges which are levied through the Customs as well as consular fees, in accordance with Article No. 14 of Law 9,839.

The privilege mentioned above will also be granted to those industries which are already established abroad and which transfer to the country their installations and machinery with the object of continuing their activities here.

In the same manner, all the members of a "Directed Immigration" defined in Article 10 of the Decree with Force of Law No. 69, will enjoy the said privilege in respect of all industrial equipment and elements of labour which they may bring into the country.

Article 5: The foreign capital referred to in the present Decree with Force of Law can be taken back at any moment, after having been invested in the country for five years, in annual quotas which may not exceed 20 per cent of their original value. Further, during the period of 10 years such capital will enjoy specified periods in the form indicated in the last sub-paragraph of the following special privileges:

(a) The interest and profits produced by them (foreign investors) can be freely taken back without the necessity of complying with the other requirements expressed in Article 12;

(b) The contributory obligations which affect them will be maintained constant, under the guarantee of the State on conditions established in Article 10 of this Decree with Force of Law. Consequently, the profit which they may produce will be exempt from all the new impositions or such obligations which may be established during the said period of 10 years;

(c) For contributory operation, it (such foreign capital) may be revalued from year to year, in accordance with the variations in the rate of exchange which may have been experienced from the date of its investment in the country up to the date of the closure of the financial operation corresponding to each declaration; and

(d) The industries in which the capital may have been invested will be exempt from any rule of fixation, regulation, control or freezing of the prices, provided that such national industries which produce similar articles may not have been made subject to that rule within the time referred to in the following sub-paragraph.

The period of 10 years referred to earlier will be calculated from the date of publication of the Official Gazette of the relative decree for the purpose of exemption indicated in sub-paragraphs (b) and (d); from the date of investment of the capital in respect of exemptions referred to in sub-paragraph (c) and from the date of the operation of the respective industry, for the purpose of sub-paragraph (a).

Article 6: The interest and profits derived from the capital, referred to in this Decree with Force of Law, which may be capitalized or invested in the country in activities pointed out in Article 2, will enjoy the privileges indicated in sub-paragraphs (a), (b) and (c) of the above Article.

The period of 10 years will, in this case, be calculated from the date of the investment.

Article 7: In deserving cases and after the Foreign Investment Committee has duly been informed, the President of the Republic can extend, up to twenty years, the period mentioned in Articles 5 and 6.

This extension may be made effective in respect of one or more of the privileges which the said Articles indicate.

Article 8: A Foreign Investment Committee is created for the purpose of considering and disposing of ap-

plications of foreign capitalists, who desire to take advantage of the precepts contained in this Decree with Force of Law.

Article 10: Whenever the Foreign Investments Committee approves an application for bringing in the capital, the President of the Republic will issue a Supreme Decree in which will be published specifically the name of the applicant, the objects and amount of the authorized capital, the form and period in which the capital will be invested in the country and the privileges which will be accorded to it.

This Decree will be published in the Official Gazette and within a period of 60 days from the date of its publication the party concerned will give due publicity to it. When these requirements are complied with, it will have the character of an agreement between the State and the investor, who will be understood to have been incorporated in the tributary legislation valid at the time of its publication in the Official Gazette.

BALANCE SHEETS OF BANKS

Sir Homi Mody's speech at the forty-third annual general meeting of the Central Bank of India indicates the existence of some *prima facie* ground for concern regarding the trend of banking profits in India in the immediate future. The Central Bank itself has cut its dividend by two per cent. Other banks with rare exceptions, as in the case of the Punjab National Bank and the Bank of Mysore, are apparently watching the position. The general trend, as disclosed in the audited balance sheets, is so interesting that it needs to be summarised.

Three interesting facts stand out from the table which is printed on this page. One is the gain in time deposits. Another is the uniform rise in establishment expenses. The third interesting fact is that there is a general tendency (the two notable exceptions, namely, the Central Bank and the United Commercial Bank not violently contradicting the trend) for advances and bills discounted and investments together to be maintained or increased at the expense of cash on hand and with the Reserve Bank of India.

If these are the broad trends, the experiences of individual banks, however, have been quite various. United Commercial's deposits have increased by a little under Rs. 7 crores, being accounted for, for the major part, by an increase under fixed deposits. Most of the banks except the Imperial Bank have increased their advances and bills discounted. The general trend of profits downward does not indicate a serious decline except in one case. The Central Bank's profits have declined in 1953 by almost twenty-five per cent as compared with the previous year, reflecting a fairly heavy decline in 'other deposits.' These individual variations, however, do not affect certain general conclusions which may be drawn.

The first conclusion which may be drawn in the light of recent experience is that it is too late in the day, perhaps, to question or alter the trend towards an increase in the interest on deposits. This seems to be inevitable as long as the development of the private industrial sector continues to be lagged and opening of new branches continues to be difficult, because of increases in establishment expenses. In these circumstances, there is bound to be competition for term deposits and because business is confined to an already well-explored territory, some narrowing of the spread between interest earnings and interest allowed.

The second conclusion which may be drawn is that in order to increase profits, Indian banks may have to look increasingly to foreign exchange business and, perhaps, to profits from expansion overseas. This would involve development in South-East Asia and the United Kingdom, in order to compensate for the steady loss of business in Pakistan. The pace at which this development can take place is bound to be slow, but already two banks, namely, Central and the United Commercial, have set an example in this matter, and, perhaps, in this field progress will be easier because the Tribunal's award does not operate to increase expenses proportionately or more than proportionately to income.

(Deposits and Advances in Crores. Other figures in lakhs)

	Deposits	Advances and Bills	Establishment	Profit	Savings Bank	Fixed	Other Deposits
Imperial Bank ..	207.21	104.84	371.5	126.82	27.97	35.11	144.12
Central Bank ..	117.97	58.31	222.6	76.51	26.54	35.79	55.64
Bank of India	54.89	33.58	71.9	76.03	8.54	11.87	34.47
United Commercial Bank	37.72	19.79	63.9	23.01	3.34	13.96	20.43
Bank of Baroda ..	30.86	17.99	41.7	22.45	5.47	15.51	9.87
Allahabad Bank ..	29.80	15.66	56.9	16.11	4.25	14.30	11.25
Bank of Mysore ..	8.89	6.88	15.0	17.91	1.81	3.40	3.68

STARS AND TEXTILES

By

CROESUS

"We are both caustic in our comments, but, whereas people laugh when my friend, Sir Homi, makes any comments, they don't do so when I offer my comments. I suppose it is all a matter of luck. His stars are evidently luckier than mine". This was the preamble with which Mr. T. T. Krishnamachari, the Union Minister for Commerce and Industry, began, in response to the triple request of Sir Homi Mody, President of the Textile Association (India), to inaugurate the Textile Industry Centenary celebrations, to inaugurate the Eleventh All-India Textile Conference, and to declare open the International Textile Exhibition arranged in connection with the centenary celebrations. But the public, which has come to expect from Mr. Krishnamachari certain caustic comments always, also knows that in him it has one who does not mince words whatever the occasion. And, to this extent, the business men are really glad in a way, because, whenever he says anything, they will not have to bother themselves about unravelling any uncertainty or ambiguity so common to the usual run of bureaucratic pronouncements. On the occasion of the Textile Centenary celebrations also, the Union Minister's speech was not without its share of caustic comments, but these were more than counter-balanced by some of his thought-provoking observations on the occasion. Actually his call for dedication to the textile technicians, which he undoubtedly meant for a very much wider audience, namely the whole textile industry, imparted to the occasion a degree of solemnity. "It is an occasion",

he said, "when we should dedicate ourselves to the task of modernising and expanding the industry, to making the labour employed earn more and raise their standard of living, and to the work of increasing the efficiency of management so as to establish the textile industry on a basis that would give India the first place in the world". Significantly enough, these words sum up the three-fold problems—I don't know whether Sir Homi's triple request prompted Mr. Krishnamachari also to highlight only three problems—that face the Indian cotton textile industry at the turn of the first century of its useful existence.

It is noteworthy that Mr. Krishnamachari has given the first place to modernising and expanding the industry. Both Mr. Krishnaraj Thackersey and Sir Homi stressed this aspect in their speeches. While the former appealed to all who have the interests of the industry at heart "to strive their utmost to make the industry efficient enough to keep in line with other progressive countries of the world," the latter said: "In an era of technological progress, it is essential for the textile, as it is for every other, industry to employ the latest equipment and processes to produce as economically as possible". It is thus clear that Government and management alike want modernisation and rationalisation, but the respective attitudes of either to the problem unfortunately do not appear to be alike. Hence it is that Sir Homi was obliged to urge the Government to revise its attitude.

Replying to Sir Homi, the Union Minister for Industry said that rationalisation and modernisation were necessary, but, at the same time, he asked industrialists not to cast all the onus on the Government. "I may as well ask the industry what it is going to do about it," he said, and went on: "I am quite prepared to discuss this question with both industrialists and labour leaders. As far as I can see, an important aspect of the question is that of surplus labour arising from modernisation or rationalisation". Although he was thus conscious of the labour problem, Mr. Krishnamachari did not seem to me to take it so seriously. For he felt sure that modernisation was not only not going to bring in its wake all the dangers which labour was afraid it would bring about, but also that it was not going to be an overnight affair. "Modernisation cannot be effected overnight", he said. "It is a gradual process and will take many years". This means that, according to him at any rate—and I am inclined to agree with him—modernisation is not likely to lead all of a sudden to the throwing out of all or even much of the effectively surplus labour. Even so, he was anxious about the frictional unemployment resulting from rationalisation or modernisation, but I noticed that this too did not seem to worry him very much. For he was perhaps convinced that co-operation between Government, industry and labour could be an effective safeguard against it.

What I liked most on this occasion was that Mr. Krishnamachari was not content to preach only to the industrialists. He did have an exhortation to make to labour as well. "Efficiency is an imperative need if quality is to be improved", the Union Minister said. "Labour has to depend for increased opportunities on industrial expansion rather than on stagnation of existing mills. Labour-saving devices are, in the long run, beneficial to labour". It is to be hoped that this disinterested advice will fall on fertile soil and produce the desired effect. Probably anticipating labour to do so, Mr. Krishnamachari went on even to espouse the cause of the workers further and asked the industry to provide further amenities to labour. "Even now", he complained, "the basic wages of our labour are low. These require to be raised in order to step up the standard of living of the workers". And so, he said, there should be a satisfactory basic wage and also stabilisation of wages at a higher level.

Although all these will raise the cost of production of textile goods, even these fresh and further burdens may be cheerfully accepted by the industry if only it has at least reasonable hopes to continue to prosper. But, as things stand, the Indian textile industry is finding it very difficult to face the competition of Japan, on the one hand, and of the many new man-made fibres, on the other, as Mr. Krishnaraj pointed out. In view of this, I am unable to accept as practicable (save arithmetically) the Union Minister's suggestion that the problem of surplus labour could be got over by increasing the number of shifts to four and reducing the number of working hours to six. Mr. Krishnamachari no doubt added the very important proviso, "provided the increased cost is offset by higher efficiency and enhanced production", but this is like Mr. Bernstein of the International Monetary Fund saying that deficit financing is not harmful to India so long as it does not lead to inflation. If, in the latter case, it is difficult to prevent inflation, in the former, it is no less difficult to ensure higher efficiency and enhanced production, unless our labour leaders are prepared to work for it and, at the same time, are able to convince the workers of the imperative need therefor.

As for the need, as also scope, for increasing production, there can be no two opinions. Mr. Krishnamachari was certainly not asking for the impossible when he urged the textile industry to raise its output to 8700 million yards, including 1500 million yards for export. If our mills and the handloom industry could together account for 6300 million yards, a target of 8700 million yards should be within the realm of possibility. An increase in the 'per capita' consumption from the present 15 to, say, 20 yards would mean an effective demand within the country itself of 7200 million yards. There would also appear to be no difficulty about the availability of the raw material. As the Union Minister himself observed, a target of 50 lakh bales of raw cotton need not despair one, what with so many irrigation schemes in progress which, when completed, would enable not only more acreage being brought under cotton but also better quality cotton to be grown.

Particularly refreshing were the observations of Mr. Krishnamachari on the respective places of khadi or handloom and the textile industry. He began by saying: "It is wrong to presume that there is conflict between khadi, handloom and mill goods. I cannot see how there can be a serious conflict, because the handloom could never replace the mill industry. It does not seem possible that the handloom can produce all the cloth needed, but it has to stay all the same, because it provides a large volume of employment to our people. So saying, he declared: "If the handloom weaver is being kept alive, the mill interests ought not to think that we are trying to harm them. Similarly, it is wrong to say that the mills should be closed in order to help the handloom industry. I want that you should think kindly of the khadi and the handloom industry on this occasion so that there may be no conflicts". Here, again, there can be no quarrel about the desideratum, but the trouble lies in not clearly demarcating the spheres of each and in making the mill industry subsidise the (presently, at any rate) uneconomic handloom sector. Other avenues must be explored to assist the handloom industry, especially now when the mill industry has long ago reached, if it has also not exceeded, the limit of its capacity to bear any fresh imposts, however good and justified the cause occasioning these imposts may be. In a buyers' market especially, any further burden may well prove to be the proverbial last straw on the camel's back.

MAKING THE CLIMATE

By

CROESUS

"There should be, indeed are, in this country opportunities for private enterprise which, if they are allowed to be developed without undue hindrance, can go far to make India a great industrial nation". I am tempted to take this sentence from the Presidential address of Mr. E. L. C. Gwilt, at the last Annual Meeting of the Bombay Chamber of Commerce last week, because it contains an implied charge, namely that private enterprise is not making much headway because of undue hindrance, which, I feel, is true. Indeed, these hindrances, or, to put it differently, the problems confronting the private sector occupied the greater portion of Mr. Gwilt's address. Incidentally, I must say I felt flattered when I heard Mr. Gwilt endorse my view, expressed in these columns some time ago, that "the solution to the problem of successful industrial expansion in the private sector rests not only upon the availability of finance but equally upon the creation of finance and the appropriate climate to nurture it". The outgoing President of the Bombay Chamber would not wait even for the Shroff Committee Report to enquire into the obstacles preventing the free flow of capital into the private sector, but hazarded a few reasons of his own as contributing to the inability of the private sector to attract capital, local or foreign. In the order of priority listed by him, these are: the burdens arising from labour legislation that are being placed upon the industry, the levels of taxation, and the uncertainty and lack of confidence arising from the control of industrial development.

The second of these need not detain us, for the simple reason that this is being carefully looked into by the Taxation Enquiry Commission, and we can depend upon Dr. Matthai to do the right thing. But, as for the other two, it is significant that Mr. Gwilt as well as the incoming President, Mr. R. L. Coghlan, (last year's Vice-President) drew on the experience of the textile industry to illustrate their points. I wonder if the celebration of the completion of a hundred years by the textile industry has had something to do with this, to prove, say, that even a 100-year old industry is finding it hard to manage. Be that as it may, it seems difficult for anyone to disagree with Mr. Gwilt when he doubts whether there is any other piece of legislation placed upon the Statute Book of India that has delegated to the individual the very wide powers given by the Industrial Disputes Act to a judge of an Industrial Court. In my opinion, it is not so much from these wide powers alone that the harm really accrues as from the vesting of these powers in the hands of people who are unable to appreciate the effects of their arbitrary decisions on the economy of the industry, let alone on the economy of the entire country. In short, it is the hazards of such decisions and the laying down of some novel and far-reaching principles by some Industrial Tribunals, such as the one which recently held that workers are entitled to a share of unused reserve funds of a company, that are undoubtedly retarding the flow of capital to the private sector as before.

But the worst aspect of labour legislation that has scared away the investor in the private sector is probably the provision in the Industrial Disputes Amendment Act of 1953 which makes retrenchment by the employer so expensive that he will not only think very hard before discharging an existing workman but harder still before employing a new one. I reliably understand that this is one of the inhibiting factors that have been preventing a number of industrial establishments from taking on even normal expansion work. It is, again, under this Act that the liability for the unemployment benefit has been transferred to the individual employer, unlike in any other Welfare State.

I would only deal with one aspect of Mr. Coghlan's speech to illustrate the effect of control over industries. He said, for instance, that, in addition to the financial burdens imposed on the industry, there were numerous other restrictions such as those in regard to the type of machinery an industry could instal and the variety of cloths that a mill could manufacture. What is surprising is that some of these restrictions on textile mills have lost practically all relevance. A few of them have nothing to do with even the protection of the handloom industry, the 'raison d' etre' for a number of restrictions on the mill industry. Some of these were introduced apparently for the sake of administrative convenience when there was price control and one would have expected that these would have gone with the abolition of price control. Curiously enough, however, they have stayed on, and the incoming President of the Bombay Chamber described the position very effectively when he recalled what a speaker at the meeting of the Associated Chambers of Commerce, held in Calcutta last December, said: "Here is a Government saying to the industry, not that it should meet the change from a sellers' to a buyers' market by greater flexibility of production, but that it should continue to make, not what it thinks the consumer wants, nor yet what the consumer thinks he wants, but what it, the Government, thought some years ago, for reasons it no longer held good, it would be administratively convenient to allow the Government to have!" If, as is rightly held by many, the textile industry can and should be one of India's main sources of foreign exchange, can it be honestly contended by anyone in the Government that these restrictions are not impeding the country's much boosted export drive?

S&L

STEEL TUBES
FOR WATER, GAS & AIR SERVICES

WATER MAINS

TUBULAR STEEL POLES

BOILER TUBES

STEWARTS AND LLOYDS OF INDIA LTD.

Head Office: 41, Chowringhee Road, CALCUTTA.
Works: 39, Hide Road, KIDDERPORE.
Bombay Office: Himalaya House, Paltan Road BOMBAY.

BUSINESS NOTES

PROSPECT FOR THE JUTE INDUSTRY

The jute industry suffered a set-back in its progress during 1953 relatively to 1952, but Mr. Gardener sees reason to expect an improved prospect for it in the current year. The Chairman of the Indian Jute Mills Association, however, prefers to be cautious in his optimism. The lack of response to the low level of prices from the overseas markets was largely the result of the pressure of economic influence in the importing countries. In the United States total imports of hessian, India's share in 1953 was 77.9 per cent as against a share of 82.3 per cent in 1952. The effect of the reduction in export duty introduced in September became visible towards the end of the year. In essence, however, the general attitude in the U.S. on reduced inventories explains the low demand for burlap. In Australia, again, the stock position undoubtedly caused a low offtake of jute goods and in other traditional markets, including chiefly the United Kingdom, the same trend was in evidence. The single redeeming feature, however, was the spurt in the demand from Argentina which was only slightly below the American demand in the last seven months of 1953. The lower level of offtake in 1953, however, gives reassuring hope of increased demand in the current year, which at existing prices should receive an added stimulus.

In the current season, raw jute supply will not present any disturbing problems, but in the longer context Mr. Gardener tenders a word of advice to the Government to rationalise its domestic raw jute policy to prevent a recurrence of wide fluctuations in output such as those witnessed in the last two years—from 46 lakh bales in 1952 to 31 lakh bales in 1953—producing inescapable fluctuations in prices. No tears need be shed over the abandonment of marginal lands from jute cultivation. Future emphasis, however, must shift on concentration of cultivation in areas satisfying the primary tests of yield, quality and suitability of location.

The industry has to seek speedy and effective measures to complete the programme of modernisation of equipment. The emergence of Pakistan as a manufacturer of jute goods with the superior benefits of modern machinery and high quality jute within easy access, as also the progress of modernisation in the U.K. and Europe give urgency to the problem here in India. The Indian jute industry so far has put through some of the programme of modernisation of the preparing and spinning machinery and it has provided from its own resources funds for this replacement operation, which are estimated to be one-sixth of the total finance required for complete rehabilitation. The balance cannot be raised without external assistance and with this clear contingency in view action needs to be taken by the Government on devising an appropriate scheme of long-term loans. Modernisation naturally raises the basic issue of rationalisation of labour force and Mr. Gardener makes a well-argued plea for an overhaul of the Government's policy on labour. Even apart from modernisation of equipment, the war-time legacy of excess labour in jute mills requires realistic and firm handling, since inefficiency and low productivity that surplus labour encourages, constitute grave problems for the industry, which can no longer escape the challenge of tough competition in the immediate future.

Mr. Gardener may not find full endorsement of his views at the hands of his colleagues and in major issues like the renewal of the working time agreement careful re-thinking and examination will necessarily be called for. The encouraging outcome of the trade delegation to Australia and New Zealand as also of intimate contacts with markets in the U.S. and the U.K. indicates that the new approach of publicity abroad deserves to be strengthened. It involves considerable finance and in this productive outlay Government ought to share a reasonable part.

SUGAR REFINERY

The feverish search for sources of additional supplies of sugar for internal consumption has led to solutions which are apt to create problems in the long term. The suggestion to set up a refinery at Bombay for processing imported raw sugar is a solution of this description. Its real implications have not been fully analysed in the anxiety to overcome the immediate difficulty about supplies for consumption. Sugar refined at Bombay or any other port will not be offered at the consuming centres in the interior at competitive prices and the principal objective of restoring cheap prices will be far removed even after the refinery project is implemented. The real risk run in accepting this remedy, however, consists in a future situation when domestic production will catch up with the increased demand. The output of the refinery will have to seek export markets and although the sponsors of the refinery project are keen to demonstrate that they bear this contingency in view, they have not found it necessary to consider how far such export can really make any headway in the face of competition from the traditional exporters.

Between 1951-52 and 1952-53 consumption of sugar in this country shot up from 11.70 lakh tons to 16.77 lakh tons while production declined from 14.90 lakh tons to 13.14 lakh tons. The real remedy consists clearly in augmenting the supplies of sugarcane and this can be done without upsetting the balance in the distribution of land for cane and food crops—by obtaining a higher yield per acre. The five-year scheme for increasing sugar output, which is currently being financed by the Indian Central Sugarcane Committee, is being extended in scope both as regards Part B and C States and as regards the time limit. Apart from other technological improvements, this drive for intensified production ought to produce tangible results in the immediate future.

Import of raw sugar, in any event, cannot be considered to be a permanent feature of the sugar supply situation and for this reason the installation of a separate plant for refining raw sugar would prove a wrong solution. If, however, import of raw sugar is to be preferred to import of manufactured sugar, as a purely temporary phase, provision in this country for refining raw sugar must also be considered as a makeshift. Sugar factories have expressed their readiness to undertake refinery processes which would involve only minor additions to their present equipment. The Deccan Sugar Manufacturers' Association, which has a more immediate concern with the refinery project at Bombay than producers from other areas, has disclosed its willingness to spare part of the capacity of its constituents for this purpose. A similar assurance in the context of the whole country has been given by the Indian Sugar Mills' Association. The proposal of an independent refinery needs to be rejected at the very start.

MOTOR TRANSPORT NATIONALISATION

The issue of nationalisation of motor transport has been discussed so threadbare in the last few years that hardly any aspect of it requires criticial examination. Nevertheless, it has not ceased to draw public attention for the very simple reason that several State Governments have developed their fondness for it into a veritable craze. The Punjab Government is the latest to give a demonstration of this mood. The Planning Commission's advice to postpone any further

nationalisation of road services has been studiously ignored by almost all the State Governments. There is not only no co-ordination on this basic issue of transport policy when transport as a whole threatens to hamper the progress of the Five-Year Plan, but there is an un-understandable disregard of priorities in the public sector. Mr. S. K. Patil, in his presidential address before the tenth annual session of the All-India Motor Unions' Congress, has stated in simple words that there need be no opposition to nationalisation where it is the only way to progress, but he has warned against the tendency of the State Governments to regard nationalisation as an end in itself. Motor transport, he argues with force, was looked after by private enterprise with remarkable efficiency and initiative and it was certainly not a subject of experiment in nationalisation. The available lesson of that experiment is quite clear. The Bombay Government which took over the motor transport passenger services in a highly efficient condition has declared a profit of 1.5 per cent in their operation, while its rate on borrowed capital is 4 per cent. Given reasonable security from nationalisation and proper relief from the crushing burden of motor taxation, he is absolutely confident, private operators would eliminate the problem of transport in backward areas—a problem which has not been touched by the State Governments.

One of the resolutions adopted by the Congress demands the appointment of a fact-finding committee to assess (1) the hardship and injury caused to displaced operators, (2) the extent to which roadworthy vehicles together with their spare parts and components have been immobilised and thrown to waste for the simple reason that the State Governments have refused to take them over after nationalisation and (3) the financial working of State transport undertakings. It is a simple challenge which must not be shirked. To shirk it cannot but suggest anxiety to suppress facts.

TEA INDUSTRY AFTER THE CRISIS

The end of the crisis in the tea industry coincided with a considerable improvement in the export market. The derationing of tea and sugar in the United Kingdom, world's premier consumer of tea, gave a powerful fillip to the overseas demand and the increased offtake in the United States was also an important factor in the external demand. Regulation of the crop in North India assisted the maintenance of prices at the expected level, but the recent price spurt in the London auctions in medium grades was essentially a reaction to the steep rise in demand. The injury inflicted on the industry by the crisis has been repaired, wages have been restored to the pre-crisis rates except in Cachar and financial equilibrium has been regained.

The emergence of the new phase, however, has brought with it fresh obligations the introduction of some of which had been postponed for the period of the crisis. It is to these obligations that Mr. Davies chose to draw particular attention in his annual survey of the industry at the last general meeting of the Indian Tea Association. The lay-off provisions of the Industrial Disputes Act as recently amended have been extended to plantation industries. Their highly seasonal character makes the application of compensation for lay-off of far-reaching significance to their financial structure, but Mr. Davies is inclined to take no alarmist view. The impact of the new liability may not turn to be unfair and in any event an unreasonable quantum of burden will have to be modified in the interest of production and employment. The change in labour attitude brought about by the prospect of closure has facilitated the conversion of supply of foodstuffs at incredibly concessional rates into cash payment. Whether the price paid for conversion is really exorbitant, as some estate owners apprehend, can be verified only in course of time, but the relief from the rice procurement and distribution liabilities has been a great and positive gain. The Plantation Labour Act whose enforcement was deferred now comes into play and the welfare expenditure which it imposes on the managements is bound to alter the balance sheets of the estates. The medical services add, perhaps, a modest extra burden on tea gardens which have already maintained a structure of these services. Compulsory provision of primary schools for workers' children at the cost of the estates extends the area of the new liability far beyond the scale of the present voluntary provision, but the justice of its imposition on the industry may be questioned, when tea estates are no longer far removed in the heart of the hill jungles. However, the Governments of West Bengal and Assam have expressed their willingness to ease the strain of this obligation. Probably the heaviest liability arises from provision of housing to conform to the specific standards. This provision will have to be spread over a period of twenty years. The entire burden, whose magnitude in the case of the tea industry has been reckoned as equivalent to its present paid-up capital, will have to be phased over a reasonable period. Realism, it is to be trusted, will temper official policy towards an industry in which the management alone has not monopolised the stakes.

REHABILITATION FINANCE ADMINISTRATION

Mr. Arun Chandra Guha's announcement in the House of the People about the reduction in the rate of interest to be charged by the Rehabilitation Finance Administration on the loans which it will grant from April 1, 1954, is to be welcomed so far as it goes. From the next financial year the loans granted by the Administration will be divided into two classes according to the size of the amount advanced—up to Rs. 25,000 and those in excess of Rs. 25,000. The interest to be charged by the Administration in the case of loans under the first category will be 4½ per cent per annum subject to the existing concession of rebate of 1 per cent if no default is committed in repayment and 5½ per cent for loans in excess of Rs. 25,000 with a similar rebate. If repayments are made regularly, the effective rate would come to 3½ per cent and 4½ per cent respectively. The new rates are to be interpreted in the context of the present flat rate of 6 per cent, subject, of course, to the concession of rebate. Funds are made available to the Administration at a rate of 3 per cent per annum which is below Government's own borrowing rate. In the light of this fact, it is significant that borrowers from the Administration for amounts of Rs. 25,000 or less, who comprise the large majority, will also get the full measure of this special concessional rate.

The new liberal rate policy is in keeping with the general policy of allocating more funds for rehabilitation in the development plan. The point of interest, however, is to what extent actual benefit will be carried to displaced persons. The scope of such benefit will be determined by the future area of the Administration's loan operations. The amended Rehabilitation Finance Administration Act raises the ceiling of loans to be granted by the Administration from Rs. 7 crores to Rs. 12.5 crores, exclusive of Rs. 2 crores to be disbursed directly through banks or failing such disbursements through the Administration itself. The overall ceiling, therefore, comes to Rs. 14.5 crores so far as displaced persons eligible for the loans are concerned. Out of this ceiling, however, loans to the tune of Rs. 12.05 crores were granted up to the end of 1953. The margin for loan operations at the new low rates of interest will be conditioned by the amounts available to the Administration mostly from repayment of loan instalments. The period of repayment from the coming year has been extended from 10 to 15 years. The volume of cheap money that will be actually available cannot but be modest.

KHANDWA-HINGOLI RAIL LINK

The Khandwa-Hingoli line, covering a distance of 187 miles, whose construction was inaugurated by the Railway Minister on March 17 last, provides a vital missing link in the metre gauge railway system of the country. At present the metre gauge systems of the North and the South are isolated and involve costly as well as dilatory transhipment across the broad gauge lines. The strategic importance of the link, which was stressed in 1903 by Lord Kitchner and again in World War II, is no less significant than its commercial importance. But the somewhat belated priority which is being given to it rests on the latter consideration. In fact the chequered history of this project (or rather an analogous link) dates back to 1882.

This link will bind the metre gauge system of the country into an integrated system, establishing uninterrupted, through rail connection between Bhatinda in the North and Trivandrum as well as Tuticorin in the South, as also between Marmugao in the West and Tinsuki in the East. Transhipment at a number of points will be eliminated. The link will pass through some of the most fertile regions of Madhya Pradesh and Hyderabad State. The great hardship experienced at present in moving metre gauge rolling stock across the gap will be removed. Now it will be feasible to set up one all-India pool of metre gauge wagons and locomotives in place of the current two pools. Rationalisation in utilisation of stock will be translated in faster movements and lower operating costs. This project has been conceived on correct lines leading to the consummation of an integrated double gauge system. The case for standardisation of gauge throughout the country has already lost its force.

TRADE AGREEMENT WITH RUMANIA

As a result of negotiations which have been proceeding for some months past, a trade agreement between the Rumanian People's Republic and India was signed on March 23, 1954, at New Delhi. This trade agreement, the first one between India and Rumania, provides for every possible development and strengthening of the trade relations between both countries on the principles of equality and mutual benefits. The agreement will come into force from the date of its signature and will be valid up to December 31, 1954. If neither party declares its intention to terminate the agreement three months prior to the date of expiry, the agreement shall remain in force for another year in which case the schedules to the agreement will only be revised by exchange of letters. This trade agreement sets out the procedure for the settlement of accounts between the two countries.

Among the goods available for export from India to Rumania, some of the important ones are, jute manufactures, tea, coffee, spices, wool, hides and skins, myrobalan and its extracts, linoleum, textiles, handicraft and cottage industry products, iron ore, shellac and Indian films exposed. The list of goods available for exports from Rumania into India includes food grains (wheat and rye), petroleum products, timber, paper, chemicals, dyestuffs, medicaments, Rumanian films exposed, industrial plant and equipment including boring and mining equipment, electrical instruments, machinery for wood working, textile and agricultural machinery, tractors, railway equipment, and so forth.

ESTATE DUTY DEPOSITS

A Press Note issued by the Government of India explains that the Estate Duty Rules have now been finalised. A copy of these rules was placed on the table of both the Houses of Parliament on March 15.

Rule 19 of the Estate Duty Rules lays down the procedure for making deposits for payment of the duty. Under this rule, any person wanting to make a deposit for the purpose of payment of estate duty that may accrue after his death may pay the money by delivering a crossed cheque or a bank draft on a scheduled bank to the Controller or by depositing the amount in cash to the credit of the Central Government at any Treasury or at any branch of the Reserve Bank or the Imperial Bank.

If the payment is made in cash, it is to be accompanied by a chalan to be obtained from the Controller concerned. If it is made by means of a crossed cheque or a draft, it should be drawn in favour of the Reserve Bank of India and accompanied by a statement showing the net assets existing on the date of making the deposit and the principal value thereof on the basis of which the deposit has been calculated.

It should be noted that under Section 33(1)(g) of the Estate Duty Act, a deposit made towards the payment of estate duty is exempt up to the amount of the duty payable or Rs. 50,000, whichever is less. The amount so exempt is, however, to be aggregated for the purpose of determining the rate applicable to the principal value of the property.

BRITISH SHIPPING

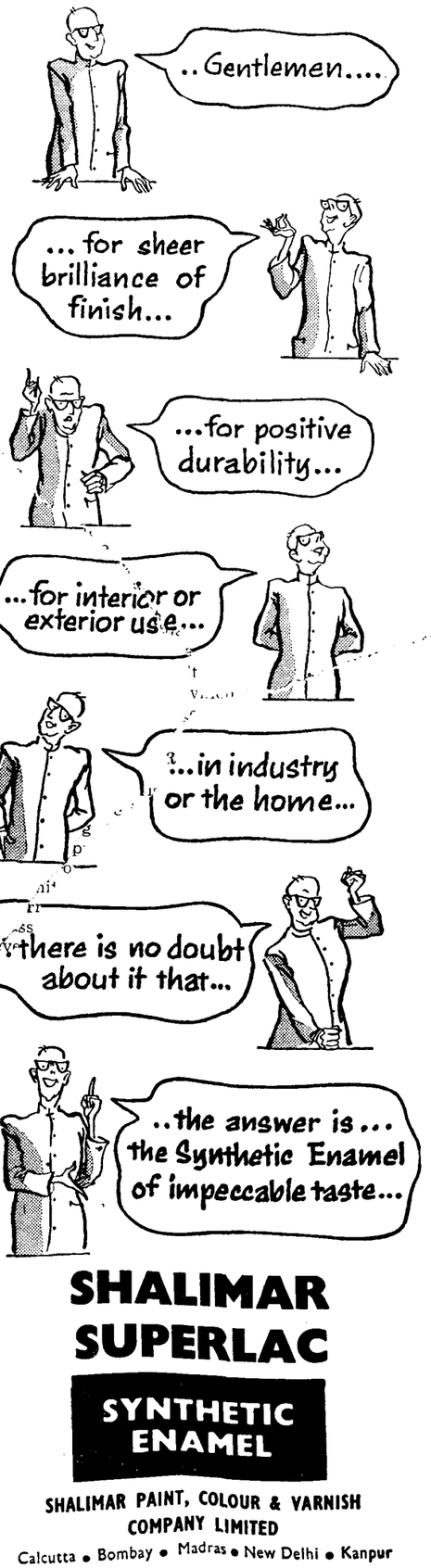
When Britain requires her traditional invisible exports to play a significant part in her balance of payments, her shipping is encountering heavy pressure of increasing competition. The trend of the declining share of British shipping in world shipping trade is corroborated by the annual report for 1953 of the Liverpool Steamship Owners' Association. From 50 per cent share in world shipping before World War I, Britain's share decreased to 33 per cent in 1929 and to 29 per cent before World II. In 1953, it could not be pushed above 29 per cent and the immediate prospect indicates that consolidation of the position at this level will prove a formidable task. The major factor which has changed the situation substantially since the last calendar year is the re-emergence of German and Japanese shipping at a remarkable rate. The German merchant shipping fleet is now half of its pre-war size, while Japan's is two-thirds of that size. Both the countries have become forceful competitors, actual as well as potential.

Another factor which has tended to restrict the field of trade for British shipping is the determination of several maritime countries to develop their own national shipping. As compared to 1936, Sweden has increased her tonnage by 143 per cent, Brazil 97 per cent, Denmark 83 per cent and Norway 74 per cent, while many Latin American countries have sizable shipping expansion to their credit. While these percentage increases must make a reasonable allowance for large discount on the score that the condition of the fleets in these countries in 1936 was backward and certainly not representative, the progress that is being achieved outside Europe is reassuring.

FERTILIZER FROM SEA BITTERNS

A method for the preparation of nitrogenous fertilizer containing potash from sea bitterns, left over after the crystallization of common salt, has been investigated at the National Chemical Laboratory, Poona. Large quantities of sea bitterns are at present thrown back into the sea and are not exploited. The total quantity of bitterns produced is of the order of 380 million gallons on the basis of an annual production of 1.7 million gallons of salt from sea brine.

Many swamps containing brine, similar in composition to the sea brine, exist in Kharaghoda in the Rann of Kutch. They are extensive and the quantity of bitterns available in them is almost unlimited. Sea bittern contains principally magnesium sulphate and magnesium chloride with smaller amounts of sodium and potassium chloride. The loss of sulphate expressed in terms of sulphur in the bitterns annually produced amounts to 1,04,690 tons. The new cheap process, which will convert the natural sulphates in sea water to ammonium sulphate and also recover all the potash it contains, will have an important bearing on the fertilizer industry.



SHALIMAR SUPERLAC

SYNTHETIC ENAMEL

SHALIMAR PAINT, COLOUR & VARNISH COMPANY LIMITED

Calcutta • Bombay • Madras • New Delhi • Kanpur

SPW 237(A)

Western Enterprise in Far Eastern Economic Development

China and Japan

By G. C. ALLEN, Professor of Political Economy in the University of London and AUDREY G. DONNITHORNE, Lecturer in Political Economy, University College, London.

The authors give an objective description of the activities of Western firms in China and Japan from the middle of the nineteenth century until recent times. They discuss the organisation of the Western business undertakings, the types of firms concerned and relations between the Westerners and the native economies. 20s. net.

Introduction to the Economic History of China.

By E. STUART KIRBY, B.Sc., Ph.P.

gives a vivid and realistic characterization of the development and prospects of China in particular and Asian societies in general. Of special significance is the judgment given on the influence and validity of Marxism as a world doctrine. 18s. net.

ALLEN & UNWIN LTD.,

40, Museum Street, London, W.C.1.

THE HIND BANK LTD.

9, ROYAL EXCHANGE PLACE, CALCUTTA.

FOR COMPLETE BANKING SERVICE

SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 22,00,000

Connections in all principal centres of the world

Chairman Mr. K. P. GOENKA — General Manager Mr. S. D. PARDIWALLA.

COMMODITY NEWS AND NOTES

FINAL ESTIMATE OF GROUNDNUT

According to the Directorate of Economics and Statistics, Ministry of Food and Agriculture, Government of India, the all-India final estimate of groundnut for 1953-54 puts the current year's acreage and production at 11,356,000 acres and 3,772,000 tons (nuts in shell), as against the partially revised estimate of 11,850,000 acres and 2,884,000 tons respectively for 1952-53.

The current year's estimate, compared to last year, thus shows an increase of 30.8 per cent or 888,000 tons in production in spite of a decrease of 4.2 per cent or 494,000 acres in area.

At the time of the sowings of the groundnut crop, the weather was not very favourable and consequently the area under this crop declined in Andhra, Hyderabad, Madhya Pradesh, Madhya Bharat and Saurashtra. Subsequently, the weather conditions improved considerably and helped in the growth as well as the outturn of the crop. As a result, the outturn shows a substantial increase over last year in Bombay, Madras, Saurashtra and Hyderabad.

FIRST ESTIMATE OF GRAM

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India first estimate of gram for 1953-54 puts the current year's area under the crop at 17,317,000 acres, as against 15,948,000 acres in the adjusted first estimate for 1952-53, thereby showing an increase of 1,369,000 acres or 8.6 per cent in area over last year.

PURCHASE OF BURMA RICE

An agreement was signed between the Government of India and the Government of Burma for the purchase of 9,00,000 tons of rice by India. The agreement was signed on behalf of the President of India by Mr. R. S. Krishnaswamy, Director-General of Food, and by U Thet Su, Chairman of the State Agricultural Marketing Board of Burma, on behalf of the Burmese Government. In a statement in the House of the People on the rice deal with Burma, Mr. M. V. Krishnappa, Deputy Minister for Food and Agriculture, said: "The surplus rice in the country will go into a central reserve. The present inter-State restrictions on the movement of rice will, however, continue. I am considering advising surplus State Governments to give up their procurements of rice as soon as a certain figure is reached. If, however, there is any tendency for prices to go below economic levels and surpluses are voluntarily offered for sale to Government agents, Government will buy such quantities."

BRITAIN SIGNS INTERNATIONAL TIN AGREEMENT

Lord Reading, *Minister of State* at the British Foreign Office, signed an international tin agreement on behalf of the British Government on March 6. This signature, the first to be put to the agreement, is subject to ratification. Under the terms of the agreement, it will be possible for the United Kingdom to participate as a country consuming tin, and also for Malaya and Nigeria to participate separately as countries producing tin. British tin consumption is the second largest in the world, being estimated at 20,360 tons. Britain will be the principal consumer of tin among the signatories, since the largest consumer country—the U.S.A.—has announced it will not sign the agreement.

U.S. behaviour is not encouraging. Being the major consumer she could render some help to the producers in South-East Asia, without herself undergoing practically any loss. Keeping in view the political instability of the region, such economic help would not be a waste. A depression in the industry may cause widespread unemployment which may ultimately be injurious to the interests of the West.

Purely on economic grounds too, the consumers have several attractive features in the agreement. They can complain and if the complaint is found genuine on investigation, they can withdraw. Then the consumers are exempted from paying for price stabilization losses. Even the range of prices fixed by the agreement is not very high, being £640 to £880 per ton. The peak of tin prices was reached in February 1951 at £1620 per ton and although prices have gone below £600 per ton in London market, the floor of £640 per ton does not seem unreasonable.

U.K. IMPORTS OF OILS AND OILSEEDS

Private imports into the United Kingdom of all the oilseeds and vegetable oils now imported only by the Ministry of Food will be resumed on June 1, after a break of 15 years. The British Minister of Food has announced that from that date traders will be able to buy freely more types of oilseeds and vegetable oils, as well as margarine and cooking fats, from any source of supply. It is likely that the Ministry of Food will still be importing, after June 1, oilseeds and oils shipped under long-term contracts with West Africa and the British Pacific islands. Such supplies will be sold to the trade in competition with those available from other sources. The Ministry of Food has been the sole importer of the principal oilseeds and oils since September 1939. These are: benne seed and benne oil; coconut oil; copra; cottonseed and cottonseed oil; sesame seed and sesame oil; groundnuts and groundnut oil; palm kernels and palm-kernel oil; palm oil; sunflower seed and sunflowerseed oil; and whale oil.

RECORD WORLD RICE CROP

The United States Agriculture Department forecast the world's largest rice crop in history. It said production of rough rice in the year 1953-54 would be 263,896,800,000 pounds compared with the record-breaking crop of 254,579,000,000 pounds in the preceding year. The Department's estimate did not include production for China, North Korea and the Soviet Union. "The rice harvest of Asia, excluding China, North Korea and the Soviet Union, this year represents 89 per cent of the total world output," it said.

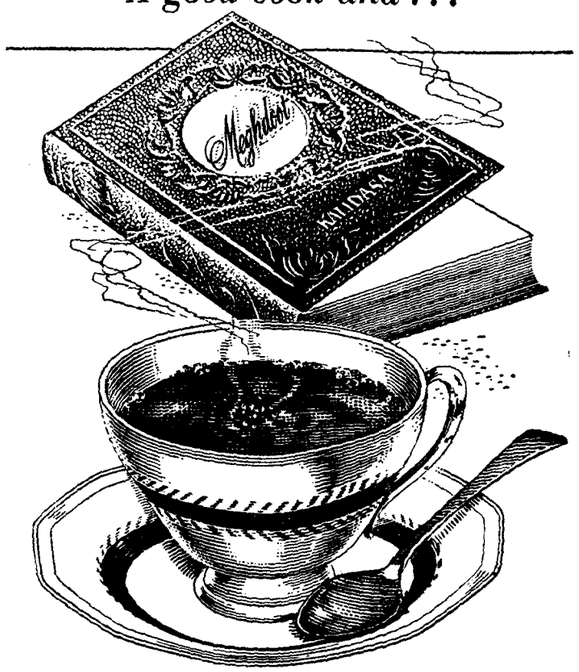
"ALL-PAKISTAN" FIRST FORECAST OF GRAM CROP FOR THE YEAR 1953-54

The first forecast of the area under gram crop for the year 1953-54 is 2,365,000 acres as against 2,236,000 acres reported in the first forecast of the previous year, and shows an increase of 5.8 per cent. The acreage reported in the final forecast of last year was 2,232,000 acres.

IMPORTS OF CALCIUM CARBIDE RESTRICTED

The Ministry of Commerce and Industry, Government of India, has removed Calcium Carbide from Open General Licence No. 31, according to a notification issued by the Ministry. The licences for the import of Calcium Carbide will be granted to established importers for import of the commodity from dollar and soft currency areas on a quota of 75 per cent, and half of the best year's imports from dollar and soft currency areas, respectively.

A good book and . . .



a good cup of **TEA**
are ideal companions

AND A GOOD CUP OF TEA IS MADE THIS WAY

• Boil fresh water • Rinse out teapot with boiled water • Put in one teaspoonful of tea for every person and one extra teaspoonful for the pot • Stand tea for four to six minutes before serving • Add milk and sugar after tea has been poured into cup

* *1,250,000 workers are employed in the Indian tea industry.*

ISSUED BY CENTRAL TEA BOARD CTB-G-54

THE UNITED COMMERCIAL BANK, LIMITED.

(Incorporated on 6th January, 1943)

ELEVENTH REPORT

OF THE

BOARD OF DIRECTORS

The Directors submit to the shareholders the Audited Balance Sheet of the Bank as on, and the Profit & Loss Account for the year ended, 31st December, 1953.

The net profit for the year, including Rs. 1,01,119-2-0 brought forward from the previous account, after providing for all known and anticipated charges and expenses of opening branches, and for donations of Rs. 55,305-0-0 referred to hereunder, amounts to .. .. Rs. 24,02,320 7 3

The Directors have made the following appropriations out of the net profit:

1. Transfer to Reserve Fund	Rs.	5,00,000 0 0
2. Provision for Taxes	„	9,50,000 0 0
3. Balance	„	9,52,320 7 3
	Rs.	24,02,320 7 3

Out of the balance of Rs. 9,52,320-7-3 the Directors recommend to the shareholders payment of Dividend at Rs. 2/- per share, free of Income-tax, which will absorb Rs. 8,00,000/- leaving Rs. 1,52,320-7-3 to be carried forward to the next year's account.

During the year under report, your Bank paid Rs. 55,305/- as donations including Rs. 25,000/- each to the Pagoda Building Fund of the Prime Minister of Burma and the Building Fund of the Federation of Indian Chambers of Commerce and Industry.

The title deeds for the properties purchased by the Bank and mentioned in the last report have not been completed on account of delay in legal formalities.

The Bank's business shows improvement and there is considerable increase in the Bank's deposits at the end of 1953 as compared to the corresponding figure for 1952. Looking to the monetary, credit and trade conditions in 1953 in the countries in which your Bank works, and to the onerous effect of labour laws, and awards made thereunder, on the working expenses of your Bank in India, your Directors consider the working results and profit of the Bank for the last year as satisfactory. The Bank's investments appear in the balance sheet at below market value.

During the year, the Bank opened a branch in London.

The Directors are thankful to the shareholders and the clients of the Bank for their continued support. They also express their gratitude to the members of the Bank's Local Boards and Advisory Committees for their able help and guidance.

The Directors place on record their appreciation of the high sense of, and devotion to, duty of your General Manager, Mr. B. T. Thakur, and thank him for his ceaseless and untiring efforts in the Bank's interests. The Directors also thank the staff of the Bank.

Under Article 95 of the Bank's Articles of Association, four of your Directors,

Shri M. R. Ruia
Shri M. L. Tapuriah
Shri R. G. Saraiya
Shri B. N. Jalan

retire by rotation, and, being eligible, offer themselves for re-election.

The shareholders are requested to appoint auditors for the current year and to fix their remuneration.

CALCUTTA,
10th March, 1954.

By Order of the Board,
G. D. BIRLA,
Chairman.

The United Commercial

Balance Sheet as at

CAPITAL AND LIABILITIES	Rs.	As.	Ps.	Rs.	As.	Ps.
1. CAPITAL:						
Authorised Capital: 8 lacs shares of Rs. 100 each ..	8,00,00,000	0	0			
Issued and Subscribed Capital: 4 lacs shares of Rs. 100 each	4,00,00,000	0	0			
Amount Called up: 4 lacs shares at Rs. 50 per share				2,00,00,000	0	0
2. RESERVE FUND AND OTHER RESERVES: Reserve Fund (including under Sec. 17 of the Banking Companies Act)				80,00,000	0	0
3. DEPOSITS AND OTHER ACCOUNTS:						
Fixed Deposits	13,95,75,512	2	1			
Savings Bank Deposits	3,33,62,123	4	9			
Current Accounts, Contingency Accounts, etc. ..	20,43,10,900	10	7	37,72,48,536	1	5
4. BORROWINGS FROM OTHER BANKING COMPANIES, AGENTS, ETC.:						
(i) In India	3,10,25,000	0	0			
(ii) Outside India	24,88,092	2	6	3,35,13,092	2	6
Particulars:						
(i) Secured by part of Investments per contra	3,35,01,486	14	3			
(ii) Unsecured	11,605	4	3			
5. BILLS PAYABLE				50,94,602	9	1
6. BILLS FOR COLLECTION BEING BILLS RECEIVABLE as per contra:						
(i) Payable in India	1,76,70,433	2	0			
(ii) Payable outside India	2,47,48,053	2	2	4,24,18,486	4	2
7. OTHER LIABILITIES:						
(i) Branch adjustments	1,41,89,039	12	1			
(ii) Unclaimed dividends etc.	1,93,068	10	5	1,43,82,108	6	6
8. ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS per contra .. .. .. (Includes Guarantees of Rs. 80,000/- issued to Government Departments; Securities in full lodged with Reserve Bank of India)				7,75,42,805	5	5
9. PROFIT AND LOSS:						
Profit as per last balance sheet	9,01,119	2	0			
Less Dividend	8,00,000	0	0			
	1,01,119	2	0			
Add Profit for the year	23,01,201	5	3			
	24,02,320	7	3			
Less Appropriations made:						
To Reserve Funds .. Rs. 5,00,000	0	0				
To Reserve for Taxation .. Rs. 9,50,000	0	0	14,50,000	0	0	9,52,320	7	3
Carried over ..				57,91,51,951	4	4

Bank, Limited.

31st December, 1953.

PROPERTY AND ASSETS	Rs.	As.	Ps.	Rs.	As.	Ps.
1. CASH: In hand and with Reserve Bank and Imperial Bank (Including foreign currency notes)				3,33,09,619	4	6
2. BALANCES WITH OTHER BANKS: (Including foreign Government Treasuries) On current account						
(i) In India	17,25,702	14	4			
(ii) Outside India	2,05,07,858	4	0	2,22,33,561	2	4
3. MONEY AT CALL AND SHORT NOTICE ..				1,30,33,333	5	4
				6,85,76,513	12	2
4. INVESTMENTS: (at below market value)						
(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments				15,10,54,940	2	6
(ii) Shares:						
Fully paid preference shares Rs.	55,000	0	0			
Shares in Imperial Bank:						
Fully Paid Rs.	16,63,965	0	0			
Partly Paid Rs.	3,51,287	8	0	20,70,252	8	0
(iii) Debentures or Bonds				41,93,250	0	0
(iv) Securities of the U.S.A., Burma, Malaya and Pakistan Governments and Foreign Trustee Securities				2,15,19,943	0	8
(v) Gold				..		
				17,88,38,385	11	2
5. ADVANCES*: (other than bad and doubtful debts for which provision has been made to the satisfaction of the auditors)						
(I) Loans, Cash Credits, Overdrafts, etc.:						
(i) In India Rs.	10,02,39,984	13	2			
(ii) Outside India Rs.	1,97,04,808	7	3	11,99,44,793	4	5
(II) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)						
(i) Payable in India Rs.	3,07,23,832	1	9			
(ii) Payable outside India Rs.	4,72,24,281	2	9	7,79,48,113	4	6	19,78,92,906	8	11
Carried over ..							44,53,07,806	0	3

* For particulars, see the last page of the Balance Sheet.

The United Commercial Bank, Limited.

Balance Sheet as at 31st December, 1953.

CAPITAL AND LIABILITIES	Rs.	As. Ps.	Rs.	As. Ps.
Brought forward ..			57,91,51,951	4 4
10. CONTINGENT LIABILITIES:				
(i) Claims against the banking company not acknowledged as debts Rs. 63,850-5-6.				
(ii) On Foreign Bills Re-discounted Rs. 19,97,265-2-0 of which up to 27-2-54 Rs. 18,33,413-11-9 have run off.				
(iii) Forward Exchange Contracts outstanding for the purchase and sale of Bills and Telegraphic Transfers Rs. 14,02,64,712-0-3 of which up to 27-2-54 Rs. 9,83,12,666-9-0 have been delivered.				
(iv) On partly paid shares Rs. 2,94,375-0-0.				
(v) Bonus Claims by employees not acknowledged as debts and disputed by the Bank before the respective Tribunals.				
TOTAL Rs. ..			57,91,51,951	4 4

PROPERTY AND ASSETS	Rs.	As. Ps.	Rs.	As. Ps.
Brought forward ..			44,53,07,806	0 3
6. BILLS RECEIVABLE BEING BILLS FOR COLLECTION as per contra:				
(i) Payable in India	1,76,70,433	2 0		
(ii) Payable outside India	2,47,48,053	2 2		
			4,24,18,486	4 2
7. CONSTITUENTS' LIABILITIES FOR ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS *per contra*			7,75,42,805	5 5
8. PREMISES LESS DEPRECIATION:				
Cost as at 1-1-1953	12,44,332	14 0		
Additions during the year	2,00,377	14 9		
	14,44,710	12 9		
Less depreciation written off to date	1,66,136	15 10	12,78,573	12 11
OTHER LAND AND BUILDINGS:				
Cost as at 1-1-1953	14,93,133	7 2		
Additions during the year	..			
	14,93,133	7 2		
Less depreciation written off to date	1,22,421	7 2	13,70,712	0 0
9. FURNITURE AND FIXTURES LESS DEPRECIATION: (Including vehicles and equipment)				
Cost as per last Balance Sheet	46,67,346	10 6		
Additions (Rs. 7,62,643-12-10) **Less** deductions (Rs. 1,59,125-7-9) during the year	6,03,518	5 1		
	52,70,864	15 7		
Less depreciation written off to date	24,02,384	4 3	28,68,480	11 4
10. OTHER ASSETS, INCLUDING SILVER:				
(i) Interest accrued on Investments	19,18,628	15 4		
(ii) Estimated amount of refund of Income-tax (Income-tax assessment for six years 1948 to 1953 not yet completed)	54,54,774	1 1		
(iii) Stamps, Stationery and Library	9,91,684	1 10		
(iv) Silver	..		83,65,087	2 3
11. NON-BANKING ASSETS ACQUIRED IN SATISFACTION OF CLAIMS			..	
12. PROFIT AND LOSS			..	
TOTAL Rs. ..			57,91,51,951	4 4

The United Commercial

Profit and Loss Account for the

EXPENDITURE	Rs.	As.	Ps.
1. Interest paid on deposits, borrowings etc.	63,33,540	13	0
2. Salaries and Allowances and Provident Fund including salaries and allowances of General Manager Rs. 87,000/-	63,86,511	12	1
3. Directors' (Rs. 37,200) and Local Committee members' fees and allowances	49,446	0	0
4. Rent, Taxes, Insurance, Lighting etc.	10,57,494	8	4
5. Law charges	84,779	7	4
6. Postage, Telegrams and Stamps	3,87,950	13	9
7. Auditors' fees for statutory and periodical audits	83,676	3	4
8. Depreciation on and repairs to the Banking Company's property	6,26,730	11	0
9. Stationery, Printing. Advertisement, etc.	6,86,298	12	2
10. Loss from sale of or dealing with non-banking assets	..		
11. Other Expenditure including Donations Rs. 55.305/-	8,06,547	10	9
12. Balance of Profit	23,01,201	5	3
TOTAL RS.	1,88,04,178	1	0

Note: Rs. 12,432-2-6 paid as law charges to a Solicitors' firm of which a director is a partner.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of The United Commercial Bank Limited as at 31st December, 1953, and also the foregoing Profit and Loss Account of the Bank for the year ended on that date, in which are incorporated the Branch returns audited by the Statutory or Local Auditors, and report that:

(a) We have obtained all the information and explanations we have required and have found them to be satisfactory; (b) the transactions of the Bank which have come to our notice have been within the powers of the Bank; (c) the returns received from branch offices of the Bank have been found adequate for the purpose of the audit; (d) in our opinion, the foregoing Balance Sheet and Profit and Loss Account are drawn up in conformity with the law; (e) such Profit and Loss Account shows a true balance of profit for the year; (f) such Balance Sheet exhibits a true and correct view of the state of the affairs of the Bank according to the best of our information and the explanations given to us and as shown by the books of the Bank, and (g) in our opinion, books of account have been kept by the Bank as required by Section 130 of the Indian Companies Act, 1913.

CALCUTTA, 10th March, 1954

G. P. KAPADIA & CO.
K. N. GUTGUTIA & CO.
RAY & RAY
CHARTERED ACCOUNTANTS.

Bank, Limited.

Year Ended 31st December, 1953.

INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	As.	Ps.
1. Interest and Discount	1,27,42 038	1	2
2. Commission, Exchange and Brokerage	59,45,731	5	5
3. Rents	1,15,306	10	5
4. Net Profit on sale of investments, gold and silver, land, premises and other assets	..		
5. Net profit on revaluation of investments, gold and silver, land premises and other assets	..		
6. Income from non-banking assets, and profit from sale of or dealing with such assets	..		
7. Other receipts	1,102	0	0
8. Loss	..		
TOTAL RS.	1,88,04,178	1	0

PARTICULARS OF ADVANCES

(i) Debts considered good in respect of which the banking company is fully secured	Rs.	14,53,62,546	5	2		
(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security	„	1,92,14,975	10	0		
(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	„	3,33,15,384	9	9		
(iv) Debts considered doubtful or bad, not provided for	„	Nil				
TOTAL	Rs.	19,78,92,906	8	11		
(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons (Fully Secured)	Rs.	1,66,500	0	0		
(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members: Fully Secured Rs. 1,27,00,278 4 4; Secured by personal liability of borrowers Rs. 10,64,820 11 1	Rs.	1,37,65,098	15	5		
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons	„	1,66,500	0	0		
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	„	1,40,59,467	10	1		
(ix) Due from banking companies	„	10,99,330	13	1		

G. D. BIRLA
Chairman

B. T. THAKUR
General Manager

I. P. GOENKA
A. C. LAW
BAIJNATH JALAN
G. L. BANGUR
P. D. HIMATSINGKA
R. L. NOPANY
R. G. SARAIYA
M. L. DAHANUKAR
M. L. SHAH
M. L. TAPURIAH
M. R. RUIA
NAVINCHANDRA MAFATLAL
Directors

R. B. SHAH
Chief Accountant

COMPANY MEETING

THE CENTRAL BANK OF INDIA, LTD.,

Extracts from the speech delivered by Sir Homi Mody, Chairman, The Central Bank of India Ltd., at the Forty-third Ordinary General Meeting of the Bank held on March 19, 1954.

"It might be safe to hazard a guess that 1954 will see a decline which, whatever its proportions, is not likely to be in the nature of a sizable recession," observed Sir Homi Mody, Chairman, the Central Bank of India, Limited, in the course of his speech at the Annual General Meeting of the Bank on Friday, March 19, 1954. "It was clear", continued Sir Homi, "that the inflationary phase of the post-war period was over and the sellers' market had ended. This called for an adjustment everywhere and, as a result of various measures undertaken in Europe and the countries of the Commonwealth, it was possible to maintain their economy on an even keel".

Sir Homi mentioned that many competent authorities combated the view, recently advanced by Mr. Colin Clark, the well-known economist, that there would be a heavy slump in the U.S.—which dominates the economy of a greater part of the world—and held that the activity in the construction and capital goods industries were likely to be sustained at a high level and would provide, among other things, a balancing factor.

Summing up the situation in India, Sir Homi mentioned that there was a notable improvement recorded during the year. Industrial production was the highest of the post-war period and the supply of food grains had definitely improved leading to gradual decontrol. Although the volume of trade was smaller, the demand for some of the principal exports of the country which had slackened in the earlier months of the year had shown signs of revival towards the end.

Unemployment, however, was the one aspect of Indian economy which overshadowed these favourable developments. This was indicated by the number on live registers becoming heavily inflated, rising from 4,38,000 in December 1952, to 5,22,000 in December 1953. "Apart from a fall in the volume of foreign trade, a curtailment of internal trade on account of the raising of the Bank Rate and restriction of credit by the Reserve Bank", observed Sir Homi, "the basic cause of unemployment was the insufficiency of investment".

Referring to the revised decision of the Planning Commission to raise the total volume of expenditure to be incurred under it by Rs. 175 crores, Sir Homi pointed out that this was calculated to step up the volume of expenditure in the public sector, but if there were to be increases in opportunities for employment, it was equally essential to stimulate the tempo of activity in the private sector. He was happy to note that for this latter purpose the Government had under consideration two schemes for the establishment of Industrial Development Corporations. "All these measures", continued Sir Homi, "are directed towards the fulfilment of the targets laid down in the Five-Year Plan and arresting the spread of unemployment. The Joint Stock Banks, which constitute the main source of short-term finance, will have an important responsibility to bear in sustaining the activity generated by a large volume of investment".

Sir Homi commended the initiative taken by the Reserve Bank in appointing a Committee under the Chairmanship of Mr. A. D. Shroff to examine how the Banks could extend a greater measure of assistance to the private sector.

"Turning to the Directors' Report and Statement of Accounts", Sir Homi said, "it is to be regretted that the results of the year's working should have been so disappointing when compared with those of the previous year. While the gross earnings of the two years remain the same, if we take into account the inclusion in the earnings of 1952 of a little over Rs. 8½ lakhs—being the post-war refund of E.P.T. and interest on E.P.T. deposits received during the year from the Income Tax Office—the net profits record a substantial decline. Due to various causes, our working funds could not be as profitably employed as we would have desired and, in the face of keen competition, the rates of interest on our Advances could not be sufficiently raised so as to cover the increased cost of such funds and the rise in expenditure under different heads, including Establishment Charges. Your Board is doing what it can to retrieve this position".

"Taking the item of interest paid on deposits, borrowings, etc., there was an increase of Rs. 13½ lakhs. This reflects not only a change in the pattern of deposits, but also a general rise in the rates paid for working funds.. The Bank had, in addition, to resort to borrowings from the Reserve Bank at their comparatively high rates for Advances, in order to finance the requirements of its constituents. The Board is fully alive to the significance of this unfavourable trend and is taking every step to ensure that the general increases in the rates which have to be paid for deposits are balanced by more remunerative uses for the funds at its disposal".

"So far as Establishment Charges are concerned," Sir Homi stated, "the position is one which must cause increasing concern. During the year under review, they went up by something like Rs. 12 lakhs, in spite of every effort to avoid an increase in the number on the rolls. Continuance of the scales of salaries and allowances as prevailing on the 31st March, 1951, coupled with annual increments in accordance with the time scales in force—factors over which the Bank has no control—accounts for this heavy increase in charges. Some of the Awards which have been made have resulted in throwing an intolerable burden on banks, without any corresponding benefit by way of harder work and increased efficiency, and the long-drawn preceedings before Adjudication Tribunals, of which there seems to be no end, are keeping alive an atmosphere of uncertainty and strife. I shall say no more at this stage than that a situation has been reached where banks may have to consider a curtailment of their activities, to the lasting detriment of trade and industry in the country."

"While on the subject of the relations between the Staff and the Management, I may inform the shareholders that the Appeal filed before the Labour Appellate Tribunal has not yet been decided. In the meantime, it is heartening to find a realization on the part of the Central Government of the fact that the heavy burden of Establishment Charges is acting as a great drag on the banks and making their functioning in rural and semi-urban areas uneconomic and extremely difficult. It was in recognition of this fact that the Government very recently presented an application to the Labour Appellate Tribunal praying for exemption, under certain conditions, of all bank offices at places having a population of 30,000 and under, from the operation of the Award. The Appellate Tribunal has, however, rejected the application, as Counsel for Government informed the Tribunal that they did not wish to pursue it in view of the order of the Tribunal restricting its scope to the employees of that bank alone which had specifically raised the issue."

Referring to the subject of distribution of Bonus to the Staff, Sir Homi said: "Having regard to the substantial drop in the profits of the first half of 1953, as compared with those of the corresponding period of the previous year, the Board was compelled to pass over the payment of Bonus after the half-yearly results were examined and disbursements under different heads were determined. This decision proved fully justified when the final results were available. In the light of the experience we have had of the results of 1953, and in the altered conditions of today, it would be advisable to fall in line with the system prevailing in other banking institutions and defer the sanctioning of Bonus till after the year's profits and disbursements therefrom are finally determined. After making the usual provisions, and they were no more then were absolutely essential, and recommending a reduction in the final dividend to be paid to the shareholders, the surplus in the hands of the Bank was not sufficient to enable the payment of a higher Bonus than 1-12th of the basic salary earned by each member of the staff, amounting in all to a sum of Rs. 13 lakhs. I trust the members of the staff will accept my assurance that, if the position had warranted it, nothing would have pleased the Board better than to sanction a larger amount by way of Bonus. In support of that, I would point to our record in the past when, without any pressure from anybody, we granted Bonuses on quite a generous scale out of the surplus at our disposal. It is my hope that the staff will appreciate the circumstances and accord their fullest co-operation to the Management, so that the Institution can march towards greater prosperity in the future, from which they could legitimately expect to benefit."

"As a result of the lower profits, the Board has been compelled to recommend the payment of a reduced dividend to the shareholders. This it has done with great reluctance but the circumstances did not warrant a higher distribution and the Board would have been failing in its duty to the Institution if it had acted otherwise. It is hoped the natural disappointment of the shareholders, particularly those with small holdings, will not prevent them from realizing that it is in their own interests that the resources of the Bank should be carefully husbanded".

Turning to the item of Investments, Sir Homi drew the attention of shareholders to a reduction of nearly Rs. 3,72,00,000 in the investment portfolio. "This action", observed Sir Homi, "was considered advisable in order to enable the Bank to cater to the increased needs of its constituents, and at the same time to avail itself of the advantage of such improvements as have taken place in the market price of some of the Securities of a comparatively lower yield. The difference between the book value and the market value of our Investments has been reduced to a little over Rs. 3,13,00,000, as against a figure of Rs. 3,54,00,000 in the previous year. As stated on other occasions, if it were possible to continue to hold all the Securities right up to the respective dates of maturity, the present difference would be wiped off and there would remain a surplus in hand. It will, however, be realized that by the very nature of the business, it can never be definitely stated when the Bank would be required to sell off some of the Securities to meet unforeseen demands and contigencies or to employ the proceeds in more profitable channels. Although by a recent Notification banks have been exempted from showing the market values of investments in respect of 'Securities of the Central and State Governments', your Directors have not considered it advisable to depart from the usual practice—at any rate for the year under review—and have shown the book and market values as before".

"As regards Advances, owing to the late commencement of the busy season, demand for funds was somewhat slow and poor. However, towards the close of the year, the figure of Advances and Bills made a better showing. All efforts are being made to increase this side of the Bank's business".

"During the year, a Branch of the Bank was opened in London with a view to according better facilities to constituents, on the one hand, and enlarging the Bank's participation in foreign trade, on the other. It is too early to express any opinion about its working but there are indications of an increase in our Foreign Exchange transactions, apart from any question of the desirability of the Bank establishing itself in the centre of the world's money market. The opening of this Branch has naturally cost a substantial amount by way of preliminary expenses and has, to that extent, affected the figure of profits, but it is hoped the future will justify the decision that has been taken after careful consideration and investigation of the business possibilities of the venture."

"During the year, Mr. Maneklal Premchand resigned his position as a Director of the Bank. His advice and experience had always been found very useful and the Board has placed on record its appreciation of the services he had rendered".

Sir Homi then referred to the serious loss suffered by the Bank by the passing of Mr. Bapuji D. Lam and to the very valuable services rendered by him to the Bank as Director and Solicitor. "His knowledge, experience and judgment", said Sir Homi, "had greatly helped the Board in its deliberations and his personality had endeared him to his colleagues and to the members of the staff who had come in contact with him. On your behalf, I desire to convey an expression of our deepest sympathy to Mrs. Lam and the other members of the family.

"I would end by expressing our acknowledgments to all who are engaged in the service of the Bank. The Managing Director, Mr. Captain, has continued to devote himself to his duties with unstinted energy and, as shareholders have been informed, the Board have thought it in the interests of the Bank to renew his appointment for a period of three years. Mr. Karanjia, the Manager, Branches, and Mr. Cooper, the Secretary, have also been carrying a heavy burden. To them and to all members of the Staff at the Head Office and at the Branches, as also to the Local Committees at the various centres, I would like to convey an expression of our appreciation of their services".

THE
UNITED
COMMERCIAL
BANK LTD.
Head Office : CALCUTTA.
PAID-UP CAPITAL :
Rs. 2 CRORES.
RESERVE FUND :
Rs. 80 LACS.
•
The Bank receives deposits, gives advances against approved securities, purchases bills, sells drafts and telegraphic transfers and transacts all types of Foreign Exchange business. Through its internal and external net-work of branches and world-wide arrangements it provides every kind of banking service.
•
G. D. BIRLA
Chairman.
B. T. THAKUR
General Manager.
INVEST IN OUR
3-YEAR
Cash Certificates
ASP UC-2/54

An exhibition of Swiss industry
17 groups distributed in 21 halls



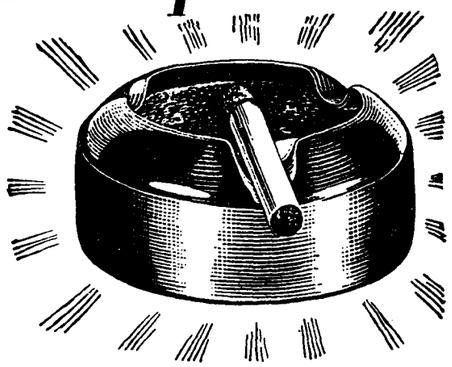
Information, booklets and catalogues obtainable directly from the Fair or from Swiss Legations, Consulates and Chambers of Commerce abroad

Swiss Industries Fair
Basel
8th-18th May
1954

The watchmaking section has been considerably increased
A watchmaking display with a world-wide reputation

A shining Example

A little Brasso and a gentle rub will make your brass and copperware gleam. Brighten your home with Brasso.



ATLANTIS
(EAST)
LIMITED
P. O. Box 664
Calcutta



ABX-13

works wonders!

COMPANY MEETING

THE ALKALI & CHEMICAL CORPORATION OF INDIA LTD.

Presiding over the Seventeenth Annual General Meeting of the Alkali and Chemical Corporation of India Ltd., held at Calcutta on 12th March, 1954, Mr. N. D. HARRIS, Chairman, observed:

Gentlemen:

The audited Accounts and Directors' Report for the year ended 30th September, 1953, have been in your possession for some time and with your permission I propose to take them as read.

During the year the transfer of the Khewra factory was completed and shareholders were advised of this by a letter dated 4th June 1953.

Our Calcutta (Rishra) factory had a fairly satisfactory year. Sales of Caustic Soda and Chlorine were maintained and the extensions to this manufacturing unit increased our production. Our turnover of Hyrocholic Acid was maintained at the same level as in the previous year although some difficulty was experienced in selling the production.

The crude Benzene Hexachloride (B.H.C.) plant failed to fulfil our expectations owing to certain technical difficulties and production was below the plant's rated capacity. A definite improvement in the working of this small plant has since been obtained although full rated capacity has not yet been achieved. Our "Gammexane" (B.H.C.) Water Dispersible Powder was in demand and the unit has operated continuously. The market for insecticides is extremely competitive and the announcement to erect a 1500-ton per annum B.H.C. plant by Tatas must be taken into account in making our future plans.

Paints sales were satisfactory in spite of a competitive market. Customers appreciate that when they buy our "Duco", "Dulux" and "Necol" brands of paint they obtain first-rate products which fully justify their relatively high cost. During the year a Varnish unit was completed which makes raw materials previously imported. Our Selling Agents, Imperial Chemical Industries (India) Ltd., have installed a Technical Service Station in our factory area at Rishra. I am confident that this will render a valuable service of which customers will take full advantage in solving their technical problems and will prove an important adjunct to our Agents' sales efforts.

The Company made a nett profit of Rs. 8,14,151 as against Rs. 26,64,063 last year. This fall in profit was foreshadowed in my speech last year and is due partly to the fact that the Company received the profits from the Khewra factory for only eight months of the current year; also, to the fact that the new extensions at the Rishra factory had not reached full earning capacity. This profit for the year of Rs. 8,14,151 with the balance brought forward from the previous year of Rs. 2,51,870 and a profit on exchange of Rs. 15,214 gives an available surplus of Rs. 10,81,235.

Because of the substantial initial depreciation allowances which it will be possible to claim on the new plant extensions installed at Rishra, there should be no liability to taxation on the profits for the year. On the other hand, your Directors have considered it prudent to transfer a sum of Rs. 3,00,000 to the Reserve for Deferred Income Tax Liabilities due to Initial Allowances. After providing Rs. 2,33,925 for additional liability to tax for previous years and Rs. 4,44,000 for taxation liability arising out of the sale of Khewra fixed assets the balance of Rs. 1,03,310 available for distribution is insufficient to cover a dividend on the share capital at the same rates as last year.

You will recall that last year to meet this possibility we transferred Rs. 7,50,000 from profits to a Dividend Equalisation Reserve. We have paid the dividend on the Preference Shares and have drawn Rs. 5,27,000 from this Dividend Equalisation Reserve to maintain a dividend of 6 per cent free of income tax on the Ordinary Shares, leaving a balance of Rs. 2,23,000 in this Reserve for future use. A balance of Rs. 1,03,310 has been carried forward in the Profit and Loss Account.

During the year we lost the services of Sir Syed Maratib Ali who had been on the Board of this Company since its formation. He rendered the Company invaluable service by looking after our affairs in Western Punjab. His resignation along with that of Mr. W. E. Wilkie-Brown was consequent on the sale of our Khewra factory. Mr. B. R. Goodfellow was appointed a Director in the place of Mr. R. A. Banks and Mr. D. B. Marsland was appointed his Alternate and Mr. G. Wilkinson was appointed an Alternate for Mr. K. W. Young. Two additional Directors were appointed during the year, namely, Dr. E. C. Fairhead, who had served the Company as a Technical Adviser, and Mr. E. Martley who has been for several years Works Manager and subsequently General Manager of our Rishra factory. Dr. Fairhead retires automatically under Article 113 and is recommended for re-election. Directors retiring by rotation are Sir Bijoy Prosad Singh Roy and Mr. K. W. Young who are recommended for re-election.

The Auditors, Messrs. Lovelock and Lewes, also retire and you are requested to re-appoint them for the current year at a fee of Rs. 6,000.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385 4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.9	477.0	360 9*	369.5	619.8	397.4	90.6	100.4	86.8	94.6
June ,, c ..	398.9	481.0	363 4*	370.1	674.5	405.4	90.5	100.6	87 2	94.4
July ,, c ..	406.4	480.5	365 4	367.3	693.9	407.7	90 4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448 0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441 4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361 5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
Week Ending										
30-1-1954 ..	379.8	486.5*	365.2	364.9	708.9	399.6	90.3	101.6	87.5	100.0
6-2-1954 ..	377.5	475.2	362.5	365.9	698.4	396.8	90.3	101.6	87.7	101.0
13-2-1954 ..	375.7	476.0	361.2	367.6	696.1	396.6	90.3	101.6	88.0	101.2
20-2-1954 ..	370.8	474.2	359.8	370.1	695.8	395.2	90 3	101.5	88.1	102.2
27-2-1954 ..	370.3	460.1	357.2	369.6	685.0	392.0	90.4	101.5	88.1	103.6
6-3-1954 ..	368.1	459.9	355.7	370.9	685.2	391.3	90.4	101.5	88.0	103.3

c Average of weeks. *Revised.

†Economic Adviser's Series. ††Reserve Bank Series.

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†
				Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936= 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	387	..	351	147	156	..
1953 February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	—	350	149	155	—
1954 January	346	363	269	139	—	442	—	—	353	—	—	—
February	—	—	—	139	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	20-3-1954			13-3-1954			6-3-1954			27-2-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	89- 6	88-15	89-3	89- 6	88- 4	88-11	89- 8	87-14	88-11	88- 9	86- 9	87-1
Silver (per100 fine tolas)	166-11	163-13	164-15	164-15	162-12	163-11	164-13	163- 1	163-13	165- 2	162-10	164-

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52:91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
1949-50*	(5,58)	(—)	(5,58)					(90)		(5,58)
1950-51*	1,128,94	24,00	1,152,94	40,02	647,04	687,06	59.59	50,53	415,36	1,152,94
1951-52*	1,163,21	17,19	1,180,40	40,02	624,70	690,36	56.31	57,21	458,47	1,180,40
1952-53*	1,189,84	27,78	1,217,62	40,02	625,27	665,29	54 64	63,98	488,36	1,217,62
Average of Fridays 1953	1,114,84	27,87	1,142,72	40,02	564,40	604,40	52.89	80,22	458,08	1,142,72
July ,,	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
Week Ending										
29-1-1954	1,156,01	18,37	1,174,38	40,02	618,15	658,17	56.04	94,83	421,38	1,174,38
5-2-1954	1,173,82	9,43	1,183,25	40,02	628,15	668,17	56.47	93,71	421,38	1,183,25
12-2-1954	1,179,56	13,38	1,192,94	40,02	638,15	678,17	56.85	93,43	421,34	1,192,94
19-2-1954*	1,173,90	19,49	1,193,39	40,02	638,15	678,17	56.83	93,88	421,34	1,193,39
26-2-1954	1,171,43	22,28	1,193,70	40,02	638,15	678,17	56.81	94,19	421,34	1,193,70
5-3-1954	1,190,57	12,00	1,202,57	40,02	648,15	688,17	57.22	93.06	421,34	1,202 57
12-3-1954	1,194,00	8,27	1,202,27	40,02	648,15	688,17	57.24	92,76	421,34	1,202,27

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34,21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	485
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	414
1949-50*	(14.33)	(3.04)								(1)				
1950-51*	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
1951-52*	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
1952-53*	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
	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
Average of Fridays 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
July ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
August ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
September ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
October ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
November ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,41	76,07	7,32
December ,,	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
January 1954	89,53	21,74	40,14	61,95	213,36	22,49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
February ,,	101,60	23,29	38,50	59,02	222,41	22,10	254,52	18,64	15,19	116,17	..	23,93	72,47	8,11
Week Ending														
29-1-1954	93,28	19,51	38,08	59,01	209,88	20,03	239,90	9,58	13,15	108,14	55	28,35	71,72	8,43
5-2-1954	91,54	17,00	40,31	62,62	211,47	22,09	243,56	13,57	14,07	101,43	1,02	33,79	71,21	8,47
12-2-1954	87,24	21,79	41,01	62,29	212,33	24,39	246,72	19,73	13,13	103,99	30	30,61	70,76	8,21
19-2-1954	86,06	28,66	41,17	63,87	219,75	23,46	253,22	22,58	10,70	106,82	1,11	32,92	71,48	8,51
26-2-1954	94,75	21,67	39,26	42,62	198,30	24,27	232,57	12,18	9,43	94,81	1,47	34,79	71,30	8,58
5-3-1954	99,06	21,51	41,21	42,79	204,57	23,57	238,13	8,49	10,94	97,92	2,01	39,19	70,96	8,62
12-3-1954														

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

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	16,44	45.10	..
1949-50 ..	597,79	272,59	870,38	34,47	65,85	11.53	426,74	15,35	50.79	..
1950-51 ..	599,13	278,45	877,59	34,68	60,78	10.88	447,03	11,87	52.29	..
1951-52	593,73	290,82	884,55	37,33	57,29	10.70	523,59	22,81	61.77	303.48
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,,	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,04	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	68.53	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	54.56	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 ,, ..	521,72	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
Week Ending										
7-8-1953 ..	529,97	327,59	857,56	29,44	47,05	8.92	436,59	51,76	56.95	319.05
14-8-1953 ..	522,66	330,10	852,76	29,86	41,12	8.32	431,15	49,53	56.37	323,07
21-8-1953 ..	528,18	328,52	856,70	31,22	44,10	8.79	428,51	48,28	55.65	323,56
28-8-1953 ..	528,21	331,36	859,57	31,73	45,93	9.03	426,53	46,81	55.07	326,88
4-9-1953 ..	528,59	330,56	859,15	31,93	49,11	9.43	428,02	45,87	55.16	327,96
11-9-1953 ..	526.79	330,34	857,13	30,54	48,01	9.14	423,30	44,43	54.51	329,15
18-9-1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42,45	54.45	333,16
25-9-1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2-10-1953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-1953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40.25	54.07	336,51
16-10-1953 ..	520.35	332,92	853,27	30,06	50.34	9.42	420,89	38,62	53.85	336,15
23-10-1953 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512.95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,8
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,4
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,7
4-12-1953 ..	530.91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528.29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519.35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	517.78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513.64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328.03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852.18	32,12	40,24	8.49	441,54	50,58	57.74	324.16
29-1-1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5-2-1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12-2-1954 ..	513,66	330,41	844,07	32,60	39,40	8.53	461,68	53.56	61.04	320,61
19-2 1954 ..	522,30	331,20	853.50	31,96	39,84	8.41	462,46	55,88	60.73	320.14
26-2-1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	458,52	62,89	61.19	319,23
5-3-1954 ..	522.74	330,71	853,45	32,13	37,38	8.14	527,60†	..	61.82	318,76
12-3-1954 ..	525,76	329,57	855,33	31,75	40,19	8.41	530,35†	..	62.00	318,03

*Undivided India $Average of weeks from November 1951 †Including Bills Discounted

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

SECRETARIAT LIBRARY MADRAS GOVT. 6 APR 1954

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 14. NEW DELHI: APRIL 2, 1954. ONE RUPEE

CONTENTS

Page

LEADING ARTICLES:

THE RATIONALE OF RATIONALISATION 549
THE LANGUAGE CONTROVERSY .. 551
ECONOMICS IN THE PUBLIC SERVICE 552

THE WEEK'S NOTES 553

Madras Politics in the Melting Pot; Indo-Ceylon Pact in Practice; West German Progress on E.D.C.; Egypt's Military Regime in Decline?; Rihand Project: Indo-U.S. Agreement; Record of Rehabilitation.

WORLDGRAM AND NEWS IN BRIEF .. 557

A WINDOW ON THE WORLD

Odysseus on "A Figment of My Unconscious" 561

A DELHI DIARY 563

Page

SPECIAL ARTICLE:

COMPANY FINANCES IN INDIAN INDUSTRIES 564

THE BUSINESS WORLD:

Steps Towards Sterling Convertibility .. 567
Housing the Worker 567
Electricity—The Federation's Case .. 569
A Banker on His Problems 569

BUSINESS NOTES 572

Steel Retention Prices; Raw Jute Policy; Protection for Antimony; Tata Deferred Fades Away; Financial Operation of Internal Airlines; Promotion of Indo-Polish Trade; Effect of Reliefs in Central Excise Duties; Twenty-Five Years of Air Service; The British India Corporation.

COMPANY AFFAIRS 576

CURRENT STATISTICS 581

The Rationale of Rationalisation

RATIONALISATION in industry is now no longer the remote and academic issue that it has been so far. It seems likely to create a first class political crisis, and although the crisis may be tided over, it may be only at the cost of not facing this problem fairly and squarely, as it needs to be faced.

Some degree of modernisation of machinery is as a matter of fact proceeding steadily. Capital is being installed more and more in industry, and as the proportion changes and the labour force continues to be static or even to decline, because vacancies are not filled, rationalisation automatically takes place. A choice which the country has to make, however, is whether it is best to leave matters to take this course or whether this pace can be forced.

That the issue is not academic is obvious from the following. Seven of the cotton mills of Kanpur recently submitted rationalisation schemes, on the basis of a report by an outside expert, to the local government, which has referred them to a newly constituted efficiency section of the Labour Commissioner's office, with no prospect apparently of a decision satisfactory from the point of view of the mills. While these cases have been pending, some of the Ahmedabad mills have applied for permission to introduce automatic looms, thus precipitating the Government of India into a decision on this ticklish issue, which it has avoided for three years.

Now that the question has been posed in these concrete terms, and an immediate and unequivocal answer is necessary, it is apparent so far as the cotton

textile industry is concerned, that one prospect which may now have to be faced is the unemployment of, say, eighty per cent of the 200,000-strong labour force which is now employed in the weaving section of this industry. The Finance Minister has gone on record to the effect that it is better to face this problem and to get modernised. For reasons which are not very difficult to understand, however, any potential unemployment in this organised section of an organised industry is likely to create political complications. The paradoxical situation that rationalisation in the weaving section of the mill industry should prove to be more embarrassing than unemployment in the handloom industry must be rationalised as the fear that there can be new unemployment on a considerable scale.

The Finance Minister is obviously looking at this problem in perspective. If industry can have the assurances which it seeks, namely, that broadly speaking, labour will be remunerated according to productivity, and that if capital's productivity is greater than that of labour, the necessary readjustments can automatically be made, this would be equivalent to writing down the risks of fresh enterprise. There would be an incentive then for industrial expansion, such as would absorb this displaced labour force and also provide extra employment. Without the assurance that rationalisation is all right, and need involve no labour problems, it is impossible in short to create this incentive; and it would be impossible in consequence to absorb the growing labour force. The Finance Minister as a prudent planner feels naturally that if this problem has to be faced, then the sooner that it is faced, at an earlier rather than later stage in our development, the better.

It would be tempting to describe the opposition to this point of view within the Congress party as unreasonable, ill-informed, and immature. Unfortunately, however, any such description would be facile. It may be that the size of this unemployment problem, in relation to that in cottage industry, is greatly exaggerated. It is also possible to point out that there is or should be no particular virtue in protecting the small numbers of existing employed, at the cost of denying employment opportunities to the many more who will get employment if rationalisation becomes non-controversial and does not have to be fought for at every turn. But the problem involved is politico-economic, even purely political; and it is not, therefore, any easier to solve.

All said and done, and with the best of intentions all round, there is going to be a transition during which some degree of unemployment will have to be faced. The labour which is affected is very vocal. Trade-union sentiment is strong. The political and economic implications can, therefore, be very grave. Not only, therefore, may the merits of this question be quite irrelevant, but even these merits may well be altered, as the Congress looks at this case. As the party in power, the Congress cannot be expected to face the prospect very cheerfully.

It is relevant to mention also one dubious agrument. Labour being cheap and capital being scarce in all undeveloped countries, there seems to be prima facie ground for the view, which has apparently been pressed within the Congress party with support from the I.L.O., that the methods of production should be labour-intensive rather than capital-intensive. From this the conclusion has been derived that rationalisation is unnecessary, and it will be necessary to examine this argument for what it is worth.

The problem which this country faces can now be quite unequivocally stated. There are two questions to be answered. Are the implications in the shape of unemployment likely to be very grave? And does the fact that labour-intensive methods are natural and advisable in this country justify the attempt to ban rationalisation? The answer to both questions must now be given clearly and unequivocally in the negative.

The pace of rationalisation is bound to be slow. This is inevitable. Taking only the industry which is primarily affected, namely, the cotton textile industry, the finance which is needed for modernisation may be of the order of Rs. 300 to 350 crores as at present estimated. Even when this estimate is scaled down in order to arrive at the cost of replacing plain by automatic looms, the amount which is needed for this one programme will still be so large that the replacement can only be spread over a number of years.

An alternative method of looking at this problem would be to give up the assumption, which seems to be implicitly made, that if rationalisation is permitted immediately and without reservation, all the plain looms will as quickly as possible be replaced by automatic looms. Any analysis of loom statistics all over the world will indicate that the number of plain looms is still appreciable in other countries. The pace of conversion to more modern machinery the world over, and in India in particular, seems likely to be quite unhurried.

As for labour-intensive methods being natural to this country, it does not by any means follow from this that rationalisation should be banned. Labour-intensive methods can only be adopted so long as, in relation to capital-intensive methods, they are cheaper. As long as this is so, no question of "rationalisation" naturally arises. But once this position is changed and labour-intensive methods are no longer cheap, rationalisation comes again into the picture; and at that stage, as the cheaper method it must be permitted—unless, indeed, labour costs can be reduced, in order to make labour-intensive methods cheap again, which would be a drastic assumption. The argument drawn from the I.L.O. rests in fact on a misapprehension. It is one thing to say that labour should be employed, because it is cheap; and it is quite another thing to say that labour should be employed whether it is cheap or not. Rationalisation, in other words, must be permitted wherever it seems to be necessary or possible and is proposed.

The issue has been clouded in the recent past to quite an unnecessary extent. The competitive position of India's industry in the international markets is vitally relevant at the present time—but it has been possible, for some strange reason, to overlook this important aspect. It is assumed that this can be done without too much danger just at present. But for how long can the inevitable adaptation of industry to changing circumstances be delayed?

In this matter, as in several others, it will be unwise, perhaps, to be too pessimistic. The new incentives which a rational labour policy can now provide will not all be wasted. Some acceleration of the rate of progress in private investment, and consequently of the rate at which new employment opportunities are being created is bound to result. The public sector can also provide for the displaced persons to a considerable extent, both by creating employment, and by meeting the cost relief, to the extent that this is proved to be necessary, on the basis of some suitable formula.

The political crisis which seems to be brewing seems, therefore, on any long-term view of this problem to be quite an unnecessary crisis. There is no imminent threat of unemployment which faces the country. Such a threat on any very big scale need not also materialise, simply because the Government of India decides, now that some applications are pending before it, to permit industry to rationalise. It would be unrealistic certainly to imply that this is not going to be a most difficult question to tackle. But difficult questions have been tackled before. If a correct decision can be arrived at now in an atmosphere of goodwill all round, the minor upsets, if any, and the many problems which are likely to arise, can be faced with confidence; and quite possibly these problems may turn out to be insignificant.

The Language Controversy

MAULANA ABUL KALAM AZAD'S spirited reply to his critics on Monday, during the debate on the Education Ministry's demands for grants, will rank as one of the ablest parliamentary performances from the Treasury benches. Indeed, since the death of Dr. Syama Prasad Mookerjee, no speech has perhaps been made in the House which was equally outspoken or polemical. The Education Minister has shown a vigour which, at his age and in the recent state of his health, might seem enviable to his juniors. If in the past the forensic talent of Maulana Azad had not recorded as well as it did on Monday, the explanation may lie as much in the high literary Hindustani style of the Maulana which is not widely understood, as in the infrequency of serious controversy in Parliament over educational policy.

The Education Minister's most bitter critics—Mr. Purushottamdas Tandon and Seth Govind Das—gave provocation which was sufficient to evoke not only a dignified and animated defence but a clear statement of the future language policy of the Union Government. That was almost the only virtue that can be seen in their criticism. Neither their demand for a separate Ministry for the propagation of Hindi—involving a reflection on the ability or sincerity of the Education Ministry—nor their attack on the expenditure on literary or cultural activities in languages or subjects other than Hindi, was couched in good argument, much less in good taste. It was not at all clear how a separate Ministry could function outside the field, or in spite of the policies of the Education Ministry, to realise the objective of the adoption of Hindi as the national language by 1965. The consequences of a crusading zeal in the spread of Hindi, carried to the point of intolerant suppression of the literary and cultural work in Urdu, Hindustani or of the several other regional languages, have all along been plain to all except the fanatical champions of Hindi. To the uncritical Hindi enthusiasts, who were apt to forget that proselytizing official zeal for uniformity in language may often achieve the opposite of what was intended, the elections in East Pakistan should in any case have been a powerful and timely reminder.

The general sense of the House of the People on this issue last Monday, which was fully behind the Education Minister, provides the assurance that little heed will be paid to the desperate counsels of the fanatics of Hindi. And yet, the question of the future of the national language is being discussed everywhere in India today with an unconcealed sense of urgency and of anxiety. The place of English in education and public life in future, the pace and manner of spreading Hindi in the educational and extra-educational activities without damage to the values hitherto derived from existing methods, and the role of the regional languages—which inevitably, under a full-fledged democracy, claim greater attention as being nearer to the needs of the people—are the main issues facing those who have the responsibility for carrying out the constitutional mandate. The supreme talisman which would help the preservation of the values attached to each, with the minimum of conflict, still eludes the search of our leading thinkers. There is no doubt that the search, if it is to be honest, will have to continue for long and its direction constantly modified according to the progress or the lack of it from time to time.

The final assurance which the Education Minister conveyed in his speech that Hindi will be brought into use in administration along with English by 1960—so as to have a period of concurrent usage prior to the introduction of Hindi as the sole language by 1965—went as far as any responsible Minister could have gone in this matter. There was no finality about the period of 15 years adopted in the Constitution; the Constitution had visualised the possibility of circumstances existing after 15 years in which Parliament may declare that English would be needed longer. For example, if lawyers now between the ages of 25 and 40—who are versed in present-day legal conceptions in international, constitutional or contractual law where the shades of meaning in English are material—are to be Judges of High Courts or the Supreme Court after 1965, would they be compelled to listen to arguments and write their decisions only in Hindi? If the States make similar demands in respect of the regional languages by virtue of their powers under Article 345 of the Constitution, would there be a sufficient degree of cohesion in the enactment and administration of the laws of the country by uniform interpretation over the whole country?

The whole question bristles with complexities and it is only the average politician, whose self-assurance is in direct proportion to his ignorance of the deeper implications of fashioning the language of a multilingual population, who can readily identify himself as either for or against Hindi, and take up an uncompromising position on that basis. At the moment, the opponents of Hindi matter less in numbers or in influence than the champions of early introduction of uniformity in language. Their enthusiasm is not often confined to the language. Their passion for uniformity extends often into the realms of dress or music or other social customs in which all along a rich variety has imparted distinctive characteristics to the Indian people. The origin of this passion can perhaps be traced to the belief that uniformity is essential to national unity; the next step is to advocate the use of every type of authority or influence over schools, colleges or radio to impose such uniformity. It shows a deplorable ignorance of the principle of group psychology that external pressure in these matters would only impede and delay the realisation of the objective, not hasten it.

There are far too many of these enthusiasts who thus know not what they do, but who are yet clothed in authority which is sufficient to tamper with the feelings of the people and affect their deeply cherished and intimate aspirations in the matter of educational and cultural attainments. The history of this country is a history of composite influences over a thousand years and there are many who see in this history the best promise for the future. The guarantee to preserve the cultural integrity of the people of the foreign pockets will add further to the variety that already exists. The country is vast enough and its basic ethnic, geographical, political and economic unity strong enough to permit of a large measure of tolerance of social and cultural variety, which is implied in the maintenance side by side of educational systems in foreign, as in Indian, languages. And yet the recent educational policies of the Bombay Government have been pursued with an intolerance which does little credit to its appreciation of these larger considerations. That any voice should have been raised in Parliament against the patronage extended to the advancement of Hindustani or Urdu, or against the grant proposed for the Tamil encyclopaedia some time ago, was wholly reprehensible.

The danger today is greatest at the higher educational levels. An abrupt break with the English medium has been contemplated in the teaching of the social and physical sciences paying little heed to the lack of the teachers and text-books or the want of enthusiasm among those taught for a system which would immediately block the channels of international exchange of knowledge and thought to all but a few. The adoption of Hindi as the official language is regarded as a mandate to make it the sole language of India's national life, to the exclusion of all the rest. It is time that a beginning was made to work out the precise implications of Part XVII of the Constitution.

Economics in the Public Service

A LITTLE more than one month ago, Dr. John Matthai, in an address delivered at the Delhi School of Economics, referred to some of the more unsatisfactory aspects of the teaching of economics at Indian universities and colleges. It is accidental, but entirely appropriate, that this frank-speaking has been followed by a conference of university teachers of the subject, convened by the Ministry of Education, which has been meeting at New Delhi this week.

It is unnecessary to mince matters. Economics is a popular course in India as elsewhere—judged by enrolment. But the subject as a discipline is as unsatisfactory as it ever was. This is hardly the fault entirely or even very largely of Indian teachers, as is very often supposed. A sense of direction and a sense of something to which one can be anchored have disappeared from the increasingly voluminous output of current economic literature.

Teachers and students alike cannot well be blamed for a lack of enthusiasm, when, to cite only some notable examples, the basic foundations of the competitive system and of welfare economics have been undermined by recent research. Very few persons, introduced to the complexities of modern economic literature, can stay the pace long enough to discover that, after all, there is still something like a corpus of economic doctrine, to which one can continue to owe allegiance; that what Professor Robertson has termed the revolutionist's handbook does not quite overthrow all that economics once attempted to teach; that ordinalists, for example, are not so much more advanced than the cardinalists were; that the foundations on which welfare theory rests can be restored (with the authority of no less a philosopher than Russell); and that even the Marshallian pricing system can still be defended. The course of reading which is now necessary is, however, so voluminous that the syllabus and the texts, involving as they do judicious selection from the growing output of modern literature, are very important for once.

Unfortunately, however, mere selection from the literature produced outside the country can only be a second best. It is no substitute for original work. The economics which is now studied in this country is based predominantly on English and to some extent on American texts. Even the language of these texts creates some problems now; and it will certainly create more problems as and when English is displaced. But the content is almost as irrelevant as the language soon promises to become.

Schumpeter is not the only writer to have pointed out that English economists tend to generalise the problems and solutions which are appropriate for England. Hotly debated questions, such as discrimination or non-discrimination, preference or free-trade, investment abroad or investment at home, the question of priority as between dollar markets or far eastern markets from which dollars can be acquired, are, for example, of vital importance to Britain. It may be doubted whether they are of the same importance to India. On the other hand, regarding the problems of development, in which we are or ought to be interested, there is enough dismal or unrealistic writing, although the number of writers who have even tried to understand this problem can easily be counted on one's fingers.

The result of these shortcomings has been a decline in the economists' influence, which is none the less real for the reason that the number of economists both within and without the government has been growing. Tradition in this country, which is now well-established, ordains that an administrator, who is well-rounded, is a good enough substitute generally for an economist. He probably is. If he is a good enough administrator, he is bound to go thoroughly into his problem; and unfortunately, it can be demonstrated at the same time that there is not much that he has missed by not going through a stiff academic course in economics, as it is now taught.

The theory has not worked too badly so far. Certain functions of government are, however, becoming too specialised for this theory to be any longer completely adequate. At the same time, a rounded knowledge of economics is not so much without value—for it need not make the aspiring economist so negative or undecided as is so often the case, if only the teaching can be improved. The problems to be tackled are, therefore, two: to improve the economists themselves, and thereafter to make more use of them.

Two measures which the Government of India have been considering for some time must be mentioned at this stage. One of these is the proposal to encadre an economic administrative service—which by allying a rounded knowledge of economics to administrative experience can be expected in course of time to improve the tone of both administration and economics. The other proposal is to finance academic research—for which there is a provision of fifty lakhs of rupees in the Plan. Some steps have recently been taken by the Planning Commission to give a boost to pure research on these lines.

These are steps in the right direction. At the university level, however, most of the problems are still bound to remain, even after some measure of respectability has been conferred on economists, and some funds have been provided for facilitating the research on which they are engaged. The quality of the students who are admitted to the higher courses of study leaves, for example, a lot to be desired at the present time. Whole sets of text-books suited to Indian conditions, and what is more difficult, written in Indian languages, will also have to be produced, within, say, one decade, in a race against time.

And the teaching of the subject will have to be spread over much more than two or three years. The problem of rounding off the study of economics, within the scholastic period of about fifteen years, with reasonably sound instruction in the humanities on the one hand and with instruction also in statistics and econometrics on the other, cannot be shelved; and since research work must some day be rated qualitatively rather than quantitatively, it may be a moot question whether it is better to finance officially-sponsored research projects, or, as the Ministry of Education intends to do in other fields, to recognise established worth by awarding prizes. Above all, however, the objectives of economic teaching will have to be clarified, so that a sense of direction is re-created.

Although economics the world over has been in some disrepute as a pseudo-science, more often than not the blame is undeserved. Even from the purely utilitarian point of view, the well-ordered modern societies, in which so much unnecessary speculation has been put down, in which booms and depressions have been so often ironed out, and prices have been so successfully controlled, prove in fact the case for not looking down on this course. The subject tends naturally to create a bias in favour of increasing the sum total of welfare both internally, within countries, as well as on a global scale. There is hardly any reason, provided that the Indian universities wake up at last to their responsibilities, why those who take up the study of economics in this country (and their number is increasing every year) should be burdened, after a few years, with a sense of having wasted their years in trying to understand a sterile and dismal science.

THE WEEK'S NOTES

MADRAS POLITICS IN THE MELTING POT

With the retirement of Rajaji from the scene, Madras politics will once again be thrown in the melting pot. His retirement has been an active issue since the separation of Andhra and his recent illness was only its proximate cause. The real issue behind the clamour for his exit was neither his controversial education scheme nor any other serious flaw in the administration. The truth is that there was unremitting pressure by the group in actual control of the party machine to get a grip over the group running the administration. Finally, the former has won. The reason for its success certainly did not lie in the measure of popular support available to the winning group. It lay in the fact that the group which was having control of the party had tightened its grip through the nominations of candidates in the last general elections. That grip was never relaxed; but for a while, the party caucus was willing to suffer Rajaji's close control over the administration because of peculiar political groupings arising out of the general election in the undivided State. The actual division of the State proved, therefore, the actual straining point for its patience.

In the last eight years, Madras politics has presented many instances of Congress party manoeuvres and there is no reason to believe that Rajaji's exit—and the disappearance of the controversies inevitably aroused by his forceful personality—or the homogeneity of the Congress caucus in the residuary State will make for stability, even if it be at a different and lower level. Echoes of recent developments will be heard for some more time and then, in three years, the general elections will provide the testing time for the State Government. The party caucus has not concealed its desire to have some kind of spoils system, involving distribution of land to so-called political sufferers and interference in the administration for distributing patronage. If it desists from the temptation to go too far, it should not find it difficult to maintain the reputation for efficient administration earned by the present Ministry. The test of its intentions lay partly in whether Mr. C. Subramaniam, who has been groomed as his successor by Rajaji, would be left to run the administration without interference. In the final analysis the check must come from the strength of the opposition parties; the question is whether the democratic parties will prove as vigilant as the Communists who will undoubtedly benefit now from the change. The all-India Congress, having long ago abandoned the task of controlling the party organisations in the States cannot be expected to do much.

INDO-CEYLON PACT IN PRACTICE

During the two months since the conclusion of the Indo-Ceylon agreement on the future status of persons of Indian origin in Ceylon, the glow of confidence which followed the agreement has steadily disappeared. Though the agreement was itself vague and unspecific on the details of implementation, Indian opinion was largely reconciled to the idea that it was far better to let the Government of Ceylon behave as generously as it could by acting on its own initiative rather than make it appear yield to concessions under Indian pressure. It was essentially an attitude of trust, adopted in the faith that it would in its turn beget trust. The Indian community in Ceylon directly affected by the citizenship question had not felt happy over the agreement which left its future in uncertainty. Meanwhile, the clarifications made by the Prime Minister of Ceylon to the extremists in his party have been slowly adding to Indian scepticism. It was also becoming clear that the inducements to be offered to the Indian workers to register themselves as Indian nationals would include many kinds of pressure, which perhaps, will grow in severity.

The latest in the series of steps taken would provide clinching evidence of the desire to adopt pressure tactics rather than a mood of conciliation. The order that the Controller of Immigration should suspend the renewal of residence permits to Indian nationals—making the continued stay of such permit holders illegal—has been regarded as a double violation. There has been no consultation with the Indian Government before such a drastic step was taken; the official explanation at Colombo that the Indo-Ceylon agreement does not cover these matters is quite unconvincing. Secondly, it has been contended that residence permits cannot be refused under the law to those who have put in a stay of five years in Ceylon prior to 1949. This question would probably be agitated in the courts also. The refusal of residence permits and identity certificates has, however, been viewed as a coercive measure. The lack of any strong official reaction by the Government of India to safeguard the interests of Indians is due to the desire to avoid distrust or unfriendliness in the neighbouring countries—whether it is Burma or Ceylon. It may be sound policy, but one may well wonder whether Asian solidarity—which the Prime Minister will discuss in a month from now at Colombo—will have such striking results to show as to make the other inevitable misunderstandings appear transient.

WEST GERMAN PROGRESS ON E.D.C.

A further and important step towards the entry into force of the European Defence Community Treaty was taken in Bonn on March 25, when the Allied High Commission notified the German Federal Government of its approval of two amendments to the German Constitution determining the constitutionality of the Bonn Conventions and the E.D.C. Treaty. These treaties authorise a German contribution to Western defence through participation in E.D.C. for which there is no specific provision in the Constitution. Under the revised Occupation Statute of 1951, the Allied High Commission's assent is required to any amendments to the Constitution. It now only remains for the President of the Federal Republic to sign the instruments of ratification of the Bonn Conventions and the E.D.C. Treaty, and deposit the former in Bonn and the latter in Paris, and then the Federal Republic will be ready to play its part in carrying the treaties into effect, as soon as all the other signatories have done the same.

The amendments to the Constitution, which have been passed by both Houses of the Federal Parliament, include one which gives the Federal Government sole competence in the field of defence, civil defence and conscription. The Allied High Commission has also approved this amendment but has stated that it "understands that the Federal Republic does not contemplate taking—and the Allied High Commission would not approve—any measures of a legislative or administrative nature in the field of defence so long as the Treaty of Paris (the E.D.C. Treaty) shall not have entered into force". In other words, the Western Powers only consent to German rearmament within E.D.C. There has been concern among a considerable body of French political opinion lest this third amendment should give the Federal Republic the right to rearm outside E.D.C. The French Foreign Minister, M. Georges Bidault, has authorised the French High Commissioner to join with his British and American colleagues in making the present move in the common interest of Western defence, without giving credence to these fears.

While these developments were taking place in Bonn, Russia announced her decision to confer "sovereign" status on East Germany. The Russian move has been timed to forestall the ratification of the Bonn Conventions, which abolish the Occupation Statute in Western Germany and integrate the Federal Republic on the basis of equality in the Western community.

This may be another attempt to win Western recognition of the unrepresentative East German regime as on par with the Federal Republic. In effect, the East German population will not be more free than before; in view of the events of June 19, 1953, there will be no disposition in Moscow to take any risks in Eastern Germany by relaxing the military control then imposed.

EGYPT'S MILITARY REGIME IN DECLINE?

General Naguib's return to power with reinforced prestige and authority has not seen the end of the dissensions which split the Revolution Council. He has now been compelled to veto a demand made by two-thirds of the Revolution Council for rescinding the steps taken to hasten Egypt's return to normal political life. That shows the extent of hostility he has to face in his Council acting under the leadership of Col. Nasser and Major Salem. General Naguib must have been fully aware of this hostility when he took all the steps for holding elections in June and for restoring the privileges to the political parties cancelled earlier. It was a calculated risk, and since all the political parties now have a stake in the enforcement of General Naguib's decision, their influence will be thrown on his side against any rival strength which the Revolution Council can muster. At the present time, this rival strength has not been impressive. General Naguib's absence from Cairo was availed of for a demonstration by about 3,000 transport and other workers. Though there may be strong public disapproval of the corrupt parties, it seems unlikely that the people as a whole will prefer the continuance of the Revolution Council with all its implications.

The Wafd has already come out with a pledge to maintain the Republican regime and the reforms effected by the military Government. King Saud's presence in Cairo has been apparently utilised to attempt a reconciliation between General Naguib and his two chief opponents. The opposition to Iraq's participation in the Turco-Pakistan alliance has also been thrown in as an important foreign policy issue for Egypt at this time. There are still too many signs of instability in Egypt to guarantee that the return to normal political life will be smoothly accomplished by July, but it is clear that the political parties have now regained the strength which they lacked when they were suddenly struck down twenty months ago. General Naguib's decision to advance the return to rule by parties was only a statesmanlike recognition of this fact. The Revolution Council has given Egyptian political life a shake-up; its historical role will endure because of the abolition of the monarchy, the progress in the Sudan, and the beginnings made in land reform and in punishing corruption. There is reason to believe that General Naguib was right in his timely call for a change in the character of the Egyptian regime.

RIHAND PROJECT: INDO-U.S. AGREEMENT

An agreement was signed this week in New Delhi between the Governments of the United States of America and India providing funds for the Rihand River Valley Project in U.P. The total estimated joint cost of the first phase of the project, which is expected to be completed by March 31, 1957, is estimated at over Rs. 22 crores of which the dollar expenditure under the agreement will be $11 millions and rupee expenditure Rs. 16.69 crores. The dollar expenditure will be the U.S. contribution under the Indo-U.S. Technical Co-operation Agreement and includes a provision of $2.5 millions from the Technical Assistance Funds for making technical services available, if needed. The rupee expenditure which will be incurred by the Government of India is towards the cost of construction, equipment, supplies and services. The Rihand River Valley Project is one of the five major river valley projects which were decided to be taken up towards the end of the First Five-Year Plan. In its first phase, finance for which was provided under this agreement, power generation is primarily contemplated. The dam will be about 500 feet high and 3,000 feet long and will create a reservoir 180 sq. miles in area holding 8.6 million acre feet of water. The power plant will have an initial installed capacity of 120,000 Kw. and an ultimate installed capacity of 240,000 Kw.

Two other agreements were also signed this week. Under a joint project for prevention of damage by insect pests to food grains in storage, it is proposed to acquire from outside India, 1,000 tons of a mixture of ethylene dichloride and carbon tetrachloride; the total estimated joint cost of this project is $460,000 and Rs. 1,20,000. The third agreement provides for an addi- Revolutionary Council has given Egyptian political life training programme which became necessary on account of the increase in prices of some of the equipment, supplies and material intended to be procured from outside India under the previous agreement.

RECORD OF REHABILITATION

The annual report of the Ministry of Rehabilitation for 1953-54 contains an up-to-date account of the progress so far made in the rehabilitation and settlement of eight million displaced persons from Pakistan. This is an appropriate time to review this progress because the bulk of the expenditure on displaced persons under the the Five-Year Plan was expected to be incurred by the financial year that has just ended. Only the special conditions arising out of the increase in unemployment compelled increased provision in this, as in other sectors of the Plan. Over Rs. 50 crores are expected to be spent in the next two years; the total expenditure up to 31st March, 1954, on displaced persons is expected to amount to Rs. 201 crores. Of the total, nearly Rs. 80 crores would be the expenditure on displaced persons from East Bengal. The final figures for the number of displaced persons are now available; from West Pakistan 4.7 million persons have been displaced and from East Pakistan 3.2 million. The migration from the east is a continuing process and the monthly influx from East Bengal is estimated at 6,000 persons.

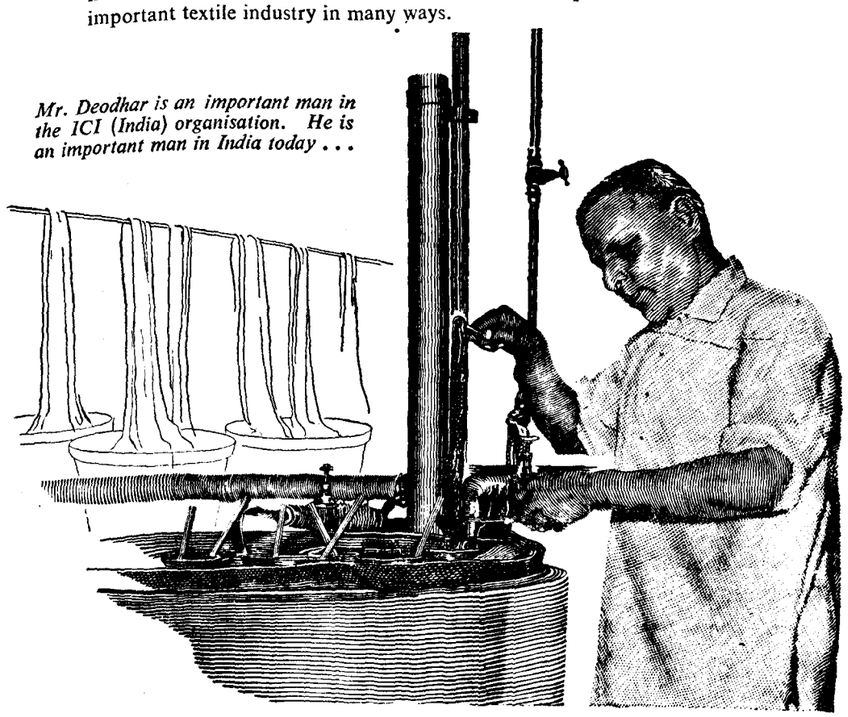
The settlement of West Pakistan displaced agriculturists on land has nearly been completed and the report claims that housing accommodation has been provided for nearly 25 lakh persons from West Pakistan. The problem of rehabilitation of the persons displaced from the eastern region has been more complex, because the bulk of them were rural (whereas 50 per cent of the persons from West Pakistan were urban). In spite of a higher expenditure per family on persons coming from East Bengal, the results have not been equally impressive. Meanwhile, the incidence of unemployment in refugee townships has not varied greatly and it may take time to work out the details of the schemes for the new industries for which only a lump sum provision of Rs. 75 lakhs has been made in the coming year. The resources of the Rehabilitation Finance Administration have been augmented and they are likely to be devoted mainly, if not exclusively, to displaced persons from East Pakistan. Various details of policy relating to the welfare of the displaced persons have been subjected to criticism and serious controversy but it is only proper that the picture should be viewed as a whole from time to time to assess the magnitude of the problem.

Chemistry and Colour

Seldom do we stop to think how much we owe to Chemistry for the gorgeous colours of modern fabrics. Only unceasing research in laboratories creates such a wide range of brilliant, fast dyes that are otherwise unobtainable from natural sources. These wonderful colouring substances enable textile makers to turn out those rich, vivid fabrics which we have grown to expect as a matter of course. But there are problems too in the use of chemical dyes—problems that must be solved to ensure efficient performance and profitable production.

Meet Mr. D. H. Deodhar, an expert in the application of dyestuffs, who has been working in the Dyestuffs' Industry for over 30 years. His job is to help customers to solve their dyeing problems, to guide them in the correct use and application of dyes and to demonstrate new dyestuffs and new methods of dyeing. His work is of real, vital help to our important textile industry in many ways.

Mr. Deodhar is an important man in the ICI (India) organisation. He is an important man in India today . . .



. . . contributing to India's progress and prosperity

ICI

ICG 212



Better Roads Mean Better Living

Built to last with ACC Cement

Good, well-built roads are the arteries of a nation. In a vast country like India, where great distances separate town from village, they are indispensable factors. Built to last with ACC Cement, India's highways will serve as vital links and will play a great role in all spheres of national development.

The free technical services of the Concrete Association of India at 82/84 Queensway, New Delhi, are available on all problems of concrete construction.

THE CEMENT MARKETING COMPANY OF INDIA LTD.

Sales Managers of

THE ASSOCIATED CEMENT COMPANIES LIMITED

SISTA'S CMI-106

WORLDGRAM

AGRICULTURE

Production of Agricultural Crops in Holland: The Netherlands Central Bureau of Statistics has published definite data concerning the production of agricultural crops in the Netherlands in 1953. The quantities of the most important crops are tabulated below with the figures for the two preceding years for comparison.

('000 metric tons)

	1951	1952	1953
Wheat	269.6	327.2	248.8
Rye	458.0	497.0	430.7
Barley	210.1	239.6	279.1
Oats	491.2	483.0	483.6
Potatoes for human consumption and for fodder ..	2,742.3	3,302.0	2,762.2
Industrial potatoes	1,053.4	1,056.1	916.8
Sugar beets	2,450.5	2,789.2	2,970.8
Fodder beets	3,228.2	3,732.4	3,758.6

* * * * * * *

Tractor Rates Reduced: The Central Ministry of Food and Agriculture has decided to reduce the operational charges for work done by the Central Tractor Organisation. Due to increase in the prices of fuel, petrol, oil and lubricants as also of the spare-parts of tractors, graders and bulldozers, the C.T.O. which works on a 'no-profit no-loss basis', was compelled to raise its charges at the close of the last season to Rs. 60 per acre for deep ploughing of 12 to 16 inches and Rs. 65 per hour for clearance of bushy and jungle land. As the result of a vigorous drive for operational efficiency and all-round economy, together with internal adjustments carried out by C.T.O., it has become possible to reduce the charges to Rs. 55 per acre for deep ploughing and Rs. 55 per hour for clearance of jungle and bush-growth. This reduction was announced recently at a meeting of the Consultative Committee of the Land Reclamation Operations, at which the progress of C.T.O. operations during the current season was reviewed.

* * * * * * *

Jute to be Sown as Mixed Crop in U.P.: The Jute Development Section of the U.P. Agriculture Department will carry out an experiment, stated to be the first of its kind in India, of sowing jute seeds along with jowar, maize and bajra during the next rainy season in the jute-growing belt of the State. Jute grown in this manner, it is claimed, would be of better quality, and would step up the demand of U.P. jute in West Bengal and Assam markets. The soil would be enriched and the area under jute would increase, according to agricultural experts. Meanwhile it is estimated the area under jute sown as a Kharif crop is steadily increasing.

TRADE

Belgian Steel-Mill Exports to U.S.A. Show Decline: Imports of steel mill products from Belgium and Luxembourg, suppliers of 1/3 of U.S.A.'s foreign steel requirements, have declined to about half of last year's level. The import volume of steel mill products last year was estimated to be about 1.8 million short tons of which Belgium and Luxembourg supplied 0.65 million tons in structural steel beams, steel bars and cold rolled steel for the automobile industry. According to importers in U.S.A., declining domestic production, now less than 70 per cent of rated capacity, and overstocked domestic steel ware-houses, are some of the main reasons for the decline.

* * * * * * *

British Trade with Russia: The British market is open to Russian grain, timber, metals and manganese ore. The U.K. Government has approved £13.75 million worth of exports to Russia. The orders were placed with the group of British business men who recently visited Moscow. The Russian orders include 20 trawlers valued at £6 million and textile machinery worth £1.25 million. Discussions are proceeding relating to further Russian orders for trawlers.

* * * * * * *

German Jute Industry During 1953: Production of jute yarns in Germany during 1953 rose to about 80,000 tons and of fabrics to 72,000 tons according to the Indian Central Jute Committee. Exports abroad, generally maintained at the previous year's level, were adversely affected by the lowering of export duties on the Indian jute goods. Exports during the eleven months ending November 1953, totalled 13,435 tons as against 16,276 tons in the same period of the year before. The main foreign buyers of German jute goods were U.S.A. and Denmark, the former taking 7,343 tons and the latter 2,354 tons. Raw jute imports for the period January-November 1953, were 80,694 tons compared with 65,660 tons in 1952.

* * * * * * *

Japanese-Iranian Trade Pact: Details of plans agreed between Japan and Iran for expanded two-way trade between the two countries are available following Japan's decision, previously reported, to buy 13,500 tons of Iranian rice. Japan has agreed to purchase Iranian rice at the high price of $162 a ton, giving up its earlier contention that the price should be $136, following certain promises from Iran on long-range trade between the two countries which, it is believed, will more than offset the disadvantage of high price in the rice deal. Iran is stated to have made the following promises to Japan: 1. To enter into talks with Japan at the earliest practicable date to conclude a trade agreement for setting up an open account between the two countries. 2. To export to Japan a considerable amount of oil soon after settlement of the Anglo-Iranian oil dispute. 3. To give to Japanese firms the order for the construction of two sugar mills in Iran, now up for decision. 4. To enter into a formal contract with the Omi Silk Yarn Manufacturing Co. of Japan for the construction of a spinning and weaving factory.

* * * * * * *

Indo-Rumanian Trade Pact Signed: The first trade agreement between India and Rumania was signed for the development and strengthening of the trade relations between the two countries on the principles of equality and mutual benefit. The agreement will remain in force up to December 31, 1954, and it may be extended for another year. All payments between India and the Rumanian People's Republic will be made in Indian rupees or in pounds sterling as may be mutually convenient. For this purpose, the State Bank of Rumania will maintain one or more accounts with one or more commercial banks in India, authorised to deal in foreign exchange. Jute manufactures, tea, coffee, textiles, handicraft and cottage industry products, iron ore, shellac and exposed Indian films have been mentioned in the agreement as some of the commodities available for export from India to Rumania, while some of the goods to be available from Rumania are food grains including wheat, petroleum products, timber, paper, exposed Rumanian films, industrial plant and equipment, textile and agricultural machinery, tractors and railway equipment.

* * * * * * *

India Beating Lancashire at Textiles: Faced with Japanese and Indian competition in the cheaper world textile markets, Lancashire cotton interests are afraid they may lose some of the domestic United Kingdom trade to price-slashed goods from India. Khadi cloth shirts, now on sale in Lancashire, were imported from India to sell at four shillings each. Japanese articles, subject to 20 per cent tariff, are unable to compete and local Lancashire firms also could not produce a comparable article at less than twice the price. Indian and

Japanese piecegoods trade in the South Pacific has doubled in four years.

FINANCE

Drive Against Concealed Income: According to the Finance Ministry's Annual Report for 1953-54, uptil the end of December 1953, the total amount of concealed income discovered, either through the Income Tax Investigation Commission or through the Voluntary Disclosure Drive, amounted to Rs. 125 crores. Out of 1668 cases referred to the Income Tax Investigation Commission up to the end of December last year, 1,031 cases involving an amount exceeding Rs. 45 crores as concealed income had been disposed of by that date. Voluntary disclosures under the scheme initiated in 1951 now stand at Rs. 80 crores. Although the Voluntary Disclosures Scheme officially ended on October 22, 1951, it is permissible for assessees, according to the Report, to make disclosures of concealed income in the normal course of assessment proceedings. "Besides bringing to light a very large amount of concealed income", the Report observes "the scheme also brought about a definite improvement in the tone of mutual relationship between the assessee and the Income Tax Department".

* * * * * * *

Exchange Curbs Extended: As a result of negotiations with the International Monetary Fund, the Government of India would be able to retain the restrictions for a further period of one year on payments for current international transactions. Under Article XIV of the Articles of Agreement of the International Monetary Fund, every member-country wishing to continue restrictions on payments for current international transactions beyond March 1, 1952, has to enter into consultations with the International Monetary Fund for the retention of the restrictions for periods of one year at a time. In accordance with this provision, consultations were held with the Fund in the latter half of 1953. The Government of India considered it necessary that the exchange control restrictions should be retained for a further period in the interest of the proper implementation of the Five-Year Plan. After discussion, the Fund in November, 1953, approved the retention of the restrictions for a further period of a year.

* * * * * * *

Industrial Development Corporation: The possibility of establishing an Industrial Development Corporation is being explored between representatives of Indian business community and American investment and financial interests. Mr. A. D. Shroff of Tatas and Dr. Mudaliar, Chairman of the Committee of Indian Industrialists established for the purpose, will also have discussions with the World Bank on the question of establishing the Corporation—an idea believed to have the Bank's strong support. A Delegation consisting of Mr. George Woods, Chairman of the First Boston Corporation, and representative of American Securities Company and the World Bank recently visited India to discuss the whole question with the Indian Government and with leading industrialists and financiers in Bombay, Madras and Calcutta.

* * * * * * *

West Germany's Reparation Payments to Israel: West Germany's first reparations payments to Israel, amounting to $90,000 will be used for Jewish cultural rehabilitation throughout the world. The programme includes scholarships and fellowships to Nazi victims, and the rebuilding of cultural institutions and treasures destroyed during Nazi regime. Under terms of the Bonn-Israel agreement the Conference on Jewish Material Claims against Germany is expected to receive about $107 million in the course of the next 12-14 years. To date the Conference has received more than $6 million, a further $3 million is expected to be obtained by the end of the year.

* * * * * * *

Non-Essential Federal Expenditures: According to a report of the Joint Committee on Reduction of Non-Essential Federal Expenditures, the U.S. Federal Government spent $34,100 million from July 1, 1953 through December 31, 1953, and had authority to call on the Treasury to pay $126,800 million in the future. The Committee stated that from July to December 1953, the military services spent $20,600 million not counting their water-way activities and had authority on December 31, 1953 to call on the Treasury to pay out $74,400 million for future bills.

* * * * * * *

British Financial Aid for Bechuanaland: The British Government has agreed to give financial aid to Bechuanaland until the Protectorate can support its own social services. This aid would include extra grants which would be determined each year as long as it may be necessary. Works which would benefit would include the development of water supplies—the Protectorate's greatest economic need—in the existing settled areas, and in the Kalahari desert. Other necessary developments include a geological survey for improvements in agriculture; animal husbandry; tsetse fly and swamp control; grain storage, and secondary education. The 1954-55 budget provides for an expenditure of approximately £950,000 against a revenue of £832,000. The Protectorate's own surplus balances standing currently at £270,000 will meet this deficit. The 1955-56 expenditure may amount to some £1,250,000 exhausting the remaining surplus balance; such grants-in-aid will be made as would be necessary to enable whatever programmes are finally agreed on to be carried out.

* * * * * * *

Interest on Government Loans: The average rate of interest paid by the Indian Government on their total interest-bearing obligations was 2.57 per cent, 2.45 per cent, 2.55 per cent, 2.66 per cent and 2.67 per cent respectively in each year from 1948-49 to 1952-53. The average rate of interest received by Government of their total interest-yielding assets during the same period was 1.89 per cent, 1.88 per cent, 2.08 per cent, 2.03 per cent and 2.54 per cent respectively.

MISCELLANEOUS

Protocol on Defence of Africa: Britain and five other countries concerned in the defence of Africa, south of the Sahara desert, recently signed a protocol to enable rapid movement of men and materials between the various parts of the continent. The agreement allows for the possibility of Governments agreeing to troops from outside being stationed in, or given passage through, their territory. Technical and military experts recommended a simplification of procedure for obtaining passports and visas and vaccination certificates, standardisation of these certificates, and the ending or easing of customs barriers. Land, sea and air communications between the six Governments were suggested.

* * * * * * *

India has Ties with 42 Nations: The total expenditure of the External Affairs Ministry for 1953-54 is expected to be Rs. 967.35 lakhs according to the recent report of the Ministry. The report said that excluding some special items the expenditure, which might be described as direct expenditure on external relations, worked out to Rs. 435.01 lakhs. The present number of countries having diplomatic representation in India was 42. The present sanctioned strength of the Indian Foreign Service was 172 and steps were now being taken to introduce a system whereby its probationers would be attached to the districts where they would acquire intimate knowledge of the Indian scene as well as the background of our history and culture. The report said that factual information and detailed accounts of the country's domestic and foreign policies and programmes were made available abroad by the Information Service of India. One hundred scholarships were offered during 1953 under cultural scholarship scheme which was initiated in 1949 to promote friendly relations between India and Asian and African countries.

NEWS IN BRIEF

INDIAN

The Ministry of Works, Housing and Supply, Government of India, has sanctioned grants totalling Rs. 51,48,626 during February, 1954, as subsidy and loan for the construction of 2,285 tenements by various State Governments, Employers and Co-operative Societies.

* * * * * * *

A team of five mining experts and geologists of the Union Government held discussions with Madhya Pradesh officials on the mineral and water resources position, relating to the setting up of a steel plant in the State.

* * * * * * *

Central loans of Rs. 41.65 crores will be made available to Part 'A' and 'B' States during 1954-55 from the special development fund, for financing their development schemes (Andhra Rs. 6.0 crores; Madras Rs. 1.50 crores; Hyderabad Rs. 3.0 crores; Mysore Rs. 2.25 crores; Travancore-Cochin Rs. 2.75 crores).

* * * * * * *

The integral railway coach-building factory at Perambur, Madras, is expected to go into production in 1955. The total estimated cost of the factory is Rs. 7.47 crores, and it is expected to turn out 350 bogie coaches annually, when in full production.

* * * * * * *

Nearly 80 banks in West Bengal are in the process of liquidation. A court liquidator was recently appointed, and is expected to take charge of defunct banks about the middle of April to complete their liquidation.

* * * * * * *

The Ford Foundation, already providing assistance for rural development programmes, has agreed to provide a further sum of $1 million. This amount is to be utilised for social education and health training, relating to the Community development programme.

* * * * * * *

The Government of India have signed an agreement with the U.S. Government for a joint project for training of Indian personnel in the maintenance and operation of heavy earthmoving and construction equipment, used in Indian multipurpose river valley projects. The U.S. Government will contribute $460,000.

* * * * * * *

The Government of India have agreed to provide economic aid and technical assistance under the Colombo Plan to Nepal, to the extent of Rs. 2 crores for road and air communications, minor irrigation and survey work.

* * * * * * *

A total of 1,286 rich people in India have an income of Rs. 43.35 crores, out of which the Treasury collects Rs. 26 crores as income and super taxes. This leaves them an annual income of Rs. 1.25 lakhs each.

* * * * * * *

The Indian Central Tea Board is to set up a Tea Promotion Council in the Irish Free State. The Council will be in charge of tea propaganda in the Irish Free State, and is expected to start functioning shortly.

* * * * * * *

The new scheme of the Government of India, confined to East Bengal refugees, is expected to disburse Rs. 5 crores as business loan of over Rs. 5,000 each, amongst applicants to the Rehabilitation Finance Administration. The R.F.A. has already disbursed Rs. 7.5 crores to refugees arriving in India from E. Bengal.

FOREIGN

The Ceylon Government recently offered, through the Bank of England, £5 million, 4 per cent stock at 97 per cent, repayable in 197.75. The proceeds of the issue are to be used in finance development works.

* * * * * * *

The U.N.I.C.E.F. recently allocated $1.179 million for child health projects ($566,000); emergency relief to children and mothers in Asia ($563,000) and reimbursement to the W.H.O. for personnel employed in U.N.I.C.E.F. projects ($50,000).

* * * * * *

U.S. foreign aid reached the record figure of $6,250 million in 1953, enabling foreign countries to pay trade debts and add $2,250 million to their gold and dollar savings. Foreign reserves (outside Soviet Union) recorded $23,000 million in ready gold and U.S. and Canadian dollars during 1953.

* * * * * * *

U.K. Government civil estimates for 1954-55 on nuclear development schemes totalling £53.675 million—an increase of £7.19 million over 1953-54—do not include secret spending on atomic weapons. Estimates for the Armed Forces are £198 million—an increase of £3.22 million—for 'research and development.'

* * * * * * *

French Union forces in Indo-China are expected to receive further U.S. aid, including 25 light bombers. A French request for B-26 bombers and transport planes is reported to be under consideration.

* * * * * * *

Under a 67-million Kronor Trade Agreement, Indonesia will export copra, rubber, coffee, tin, tobacco, hemp, spices and pea-nuts, (worth 45.245 million Norwegian Kronor), and obtain paper and card-board, fishery equipment, fish and products, wallboard and other products (worth 19.53 million Kronor).

* * * * * * *

A 1500-ton sugar factory and a distillery of rectified spirit is to be set up by the Burma Government. Tenders for the supply of machinery and buildings of the plant have been invited both from nationals and institutions abroad.

* * * * * * *

Australian targets for 1957-58, relating to livestock industries are: butter .170 (.168) million tons; cheese .40 (.47) million tons; total milk 1,350 (1,228) million gallons; eggs 129 (125) million dozens. Figures in brackets are the estimated 1952-53 figures.

* * * * * * *

The World Health Organisation will observe April 7, 1954, as World Health Day. The W.H.O. has an international team of 140 nurses of 22 different nationalities working in 31 countries on W.H.O. projects.

* * * * * * *

An official arbitrator recently awarded wage increase equivalent to 1d. an hour or less to all organised workers in Denmark, ending weeks of dispute between labour organisations and employers. The award is valid for two years.

* * * * * * *

Sweden earned 325 million kronor (about £22.5 million) from a record number of 289,000 foreign visitors during the year 1953.



NEW LIFE BUSINESS

written during the year 1953

Rs. 19,90,51,571

an increase of Rs. 1.86 Crores over 1952

IMPORTANT ANNOUNCEMENT

THE RATES OF PREMIUM
on all our Life Assurance Plans
have been substantially reduced
with effect from 1st March 1954

Please ask for Literature

THE NEW INDIA
ASSURANCE COMPANY LIMITED
Head Office: Bombay

Branch Office:
THE NEW INDIA ASSURANCE CO., LTD.,
Connaught House,
NEW DELHI.

A Window On The World

A FIGMENT OF MY UNCONSCIOUS

By

ODYSSEUS

TODAY I PROPOSE to consider the challenge to philosophy made by post-Freudian psychology. Last week, I outlined Freud's theory and suggested that, in so far as it set out to explain human behaviour, it has effected a revolution in man's understanding of himself and his neighbour. Countless neurotic patients, who in the old days would have been condemned to life-long misery, have been reclaimed for useful, constructive and happy lives, thanks to Freud's discovery of the unconscious.

But if Freud's theory has been a blessing in practical medicine, it must, in the vast and even more important spheres of ethics and philosophy, be regarded as a disaster.

Freud held that the origin and explanation of all conscious conduct and ideas lie in the unconscious and that our conscious desires are therefore distorted or sublimated reflections of our unconscious. Since we cannot control the unconscious, we are not responsible for what it makes us think or do. In C. E. W. Joad's ironic phrase: "Conscious events are merely the smoke and flame given off by the workings of the subterranean psychological machinery of which we are unconscious."

Freud laid down that our thoughts, decisions and behaviour, derive from the instincts, which are by definition without powers of reflection and without moral standards, and he regarded the will as an expression of the instinctual forces or a sublimated version of them. What we used to call the use of the Will to control an anti-social desire is only a sublimated version of an instinctive decision which the unconscious dictates with a view to the self-preservation of the whole. Ditto for conscience, which used to be the faculty by which we discerned that some things are right and others wrong. Conscience told us what choice we ought to make between opposing instincts or desires.

If conscience does not exist, there can be no morality. Morality is built up out of the bricks of praise and the mortar of blame. If there is no reason to praise a man for being honest because, given his particular unconscious, he can't help being honest, it is equally nonsense to blame another because his particular unconscious insists that he should chase his neighbour's wife. Shame, say the Freudians, is an unnecessary form of guilt feeling which should be avoided by proper sublimation of desires in accordance with social acceptability. Thus modern psychology dismisses religion and ethics as archaic modes of thought, revealing childish motivation. Finally, all reasoning is distrusted as wishful-thinking or rationalisation.

THE UNCONSCIOUS A *FIGMENT OF ITSELF?*

My first reaction to the philosophical position of the Freudian is to observe that if all reasoning is a rationalisation—a reflection of the contents of the unconscious —then how do the Freudians know that the whole of their own theory is true? *Is it not but a rationalisation* of the sublimations of their own unconscious?

But my fundamental comment on the application of the Freudian theory to ethics is that I just revolt against the whole conception. I don't believe a word of it! Nor, I submit, is this merely a childish exhibition of bad temper by someone who sees no other way out of the argument: I have distinguished precedents on my side. For example, David Hume (1711-1776), the great Scottish philosopher. In the chapter of his "Treatise of Human Nature" entitled "Of the Sceptical and Other Systems of Philosophy", Hume said: "Should it be asked me whether I sincerely assent to this argument" (i.e. that reason can find no grounds for belief in God and causation) "which I seem to take such pains to inculcate, and whether I be really one of those sceptics who hold that all is uncertain and that our judgment is not in any thing possessed of any measures of truth and falsehood, I should reply that the question is entirely superfluous, and that neither I nor any other person was ever sincerely and constantly of that opinion . . ." In effect, Hume having proved that mankind's most cherished beliefs cannot be upheld by reason says: "Well, that's bad luck on reason! We must trust intuition and feeling a bit more!"

I believe that I am right in saying that in the argument between those who support Free Will and those who back Determinism, the Determinists have, throughout history, had the best of the logical battle, but the one thing that they have not been able to accomplish is to persuade anyone that he has in fact no freedom of choice and that he acts consistently along predestined lines—not as a bus but as a tram. Nobody really believes that. When faced with the arguments against them, they may feel baffled, but they remain unconvinced because there is nobody (madmen excepted) who does not feel that he can go out and buy an ice-cream if he feels like it or stay at home and read a book if he feels more like that. Whether a man who goes for a walk and who comes upon a river strips for a bathe or not depends on his reasoning: i.e., the time that he has at his disposal, the heat of the day, the degree of dirt or cleanliness of the water, the chances of crocodiles, etc. However, much his decision can logically be shown to have been pre-determined, neither he, nor you, will base conduct on such a theory.

A CASE OF WRONGFUL ARREST

With one important exception: when painful decisions have to be taken in moral problems, the average man, being an unheroic creature, will be delighted to adopt a system of thought which gives him authority to absolve himself from all responsibility as an excuse for following his inclinations rather than his will—even though in his heart of hearts he does not accept the full implications of the system. In illustration of this point I refer you to "My Six Convicts" (published by Hamish Hamilton in 1951), an entertaining and penetrating account of prison life by the American psychologist, Donald Powell Wilson, who reports that the one aspect of psychological theory which every convict seized upon was that which divested him of personal responsibility and enabled him to say: "It's not my fault I'm in prison. They should have arrested my unconscious. I shouldn't be here at all!"

At this point someone may suggest that it is all very well for me to reject in toto the Determinist view, but that surely it must be an uncomfortable thought for me that I have to live out my life single-handed, as it were, knowing that I have the whole of science lined up against me. In reply, I can at least have a shot at involving science in a dilemma of its own. Samuel Butler (who influenced Bernard Shaw's philosophy profoundly—Shaw called him the greatest English writer of the second half of the nineteenth

century) pointed out that a man of eighty is, from almost every viewpoint, a different being from the young man who fell in love at the age of twenty, from the boy who stole apples out of the orchard at the age of nine, and from the child who was slapped by his mother at the age of three. His experiences, thoughts, memories, tastes, abilities, character, his reactions to the world around him—all are different. So is the whole of his body: his brain, heart, arteries, flesh, bones, blood —all have been renewed so many times over that their constituents are physically different every so many years—as different as the motor car which has first had a new engine put into it and then a new body put around the engine.

SPIRITED REPLY TO FREUD

Now, consider the implications: from the viewpoint of logic, fact, and reason, the man of eighty is not the man who fell in love, nor the boy, nor the child. You can prove it to him scientifically. You can counter his every logical argument and leave him baffled and dialectically defeated—but you will never shake his conviction that he is the same man who did all these things. He looks back over his life, remembering the bliss of his first kiss, the taste of his first stolen apple, and the feel of his mother's slap. What is it about him that enables him to do this, that remains fundamentally unchanged? Something must persist: what? What is it that has escaped the scientists' weighing, measuring, probing, and the chemists' analysing? The old man's spirit, soul, or personality (however you like to call it). A mere rationalisation? A figment of the unconscious? A sublimation of anti-social desires? All I can say is that for a mere rationalisation, a mere figment, a mere sublimation, the old man's personality has not done so badly; it has provided him with an answer to Freud.

Mr. Humayun Kabir, Educational Adviser to the Government of India and secretary of the Editorial Board of Maulana Azad's "History of Philosophy: Eastern and Western", has promised in response to a suggestion made in this column that a chapter will be devoted to Freud in the next edition of Maulana Azad's "History". Professional philosophers are sometimes too apt to concentrate on the problems that interest them the most—those on the furthest boundaries of metaphysics—and to forget that the lay man like me looks to them for guidance in more practical every-day matters, such as those outlined here—the doubts and difficulties that have overtaken the average reflective man since Freud's theories drove ethics from its traditional position. Mr. Kabir's choice of writer will not be easy. He must find a philosopher who has a thorough grasp of modern psychological theory (which has greatly developed since Freud's pioneer days) and who can on the one hand, assess its real and tremendous contribution to health and happiness and, on the other, blow sky-high the bogus philosophy that has been built upon it.

"IN THE WET"

The title of Neville Shute's novel discussed in my article "The Queen and the Commonwealth", published here on March 12, is "In the Wet" and not as misprinted "In the West". The novel is called "In the Wet" partly because it opens during the Australian rainy season, partly allegorically.

Northern Railway

Changes in the April 54, Time Table.

The following changes will take effect from 1st April, 1954:

(1) **New Trains Introduced.**

(1) 9 AP/12 AP Shuttle	between	Patti-Amritsar.
(2) 7 BQ/8 BQ Passenger	,,	Qadian-Batala.
(3) 1 URJ/2 URJ Shuttle	,,	Ambala-Rajpura.
(4) 369 Up/370 Down Pass	,,	Delhi-Ferozepore.
(5) 8 JM/7 JM Passenger	,,	Jullundur City-Mukerian.
(6) 7 JN/8 JN Passenger	,,	Jullundur City-Nakodar.
(7) 3 SR/4 SR Shutte	,,	Sambal Hatim-Raja-ka-Sahaspur. Sarai

Third class accommodation has been provided on 335/336 Parcel Trains (running on Amritsar-Ludhiana Section) which will also have a number of additional halts.

(2) **Extension of Trains.**

7 UD/8 UD Shuttles running at present between Ambala Cantt. and Dhuri will be extended to Bhatinda.

(3) **Existing Trains Cancelled.**

3 TA/4 TA at present running between Tundla-Agra, 1 BDS/2 BDS running between Hissar-Sirsa, 5 SU/6 SU, running between Ambala City-Rajpura, 3 UC/4 UC running between Ambala Cantt.-Ambala City, 65 Up/66 Down running between Delhi-Ferozepore Cantt. have been cancelled.

(4) **New Stations Opened.**

Diwana between Samalkha and Panipat, Rajomajra between Alal and Dhuri, Kaulseri between Dhuri-Chhintanwala, Dudwandi between Sultanpur Lodi-Pajian have been opened from 1-4-54.

(5) **Additional Train Halts Provided and Existing Train Halts Cancelled.**

A number of additional train halts have been provided and a few have been taken off for which a reference may please be made to the Time Table taking effect from 1st April, 1954.

(6) **Diversion of Trains.**

356 Down will run via Agra Fort instead of Agra City.

(7) **Distance Restrictions Removed.**

100 miles for Inter Class passengers on 75 Up/76 Down trains between Lucknow and Lhaksar.

(8) For further details including changes in classification, numbering and timings of trains and additional connections between trains, please refer to the New Northern Railway Time Table which takes effect from 1st April, 1954 and is on sale at Railway Bookstalls.

CHIEF OPERATING SUPDT., NEW DELHI.

A DELHI DIARY

RAJAJI AND TATA DEFERREDS!

THERE have been two notable retirements announced this week. One is that of Rajaji, the Chief Minister of Madras; the other is that of Tata Deferreds! I must not be accused of frivolity or disrespect in placing thus together two great speculative counters. In a political career, which because of its mercurial changes has been more romantic than any I know, Rajaji has seemed to me more than any politician of our time to measure the prevailing political temperature, (as Tata Deferreds measured India's speculative fever!). In his latest years he has tended to be a Provincial rather than an all-India figure; but even when restricted to Madras, he has sent out emphatic waves whose impact on all-India policy has been profound. It is to Rajaji, at least as much as to Mr. Rafi Ahmed Kidwai, that we owe the daring experiment of decontrol of food in May 1952. It is safe to say that if Rajaji had not been there, the necessary field experiments would have been delayed. (Not so fortunately!) it is to Rajaji again that we owe the control of *dhoti* and sari production by mills, and various measures designed to protect the handloom weavers of India against the ravages of history. Finally, it is to Rajaji that we owe a grand sense of awareness to the danger of Communism in the South of India. I must insist on paying tribute to one of the biggest men of our time. No friend of India can afford to be unmoved by his withdrawal from the active political scene.

I know that there will rise up many little people to contest this verdict. They will remind us about the differences that emerged between Rajaji and the Congress Party on Pakistan. They will (in North India only!) question his judgment on the language issue. There will be many who will question his supreme capacity to manoeuvre a situation (sometimes not so successfully even from his point of view!). Opinions on particular transactions may well differ, and I doubt if Rajaji could have been as great as he is but for some splendid errors that he has made. A man must be judged by the total record. The total record makes him an all-time Hero of the Indian Union; in my opinion in the class of the largest of them all.

It is a tragedy of great magnitude that a man of this tremendous stature has been unable to touch the hearts of the Indian people in the way in which other heroes of the Indian Union—notably Jawaharlal Nehru, Vallabhbhai Patel and Rajendra Prasad—have done. The reason may be stated bluntly. Rajaji not merely was, but always appeared to be, too clever. The Indian people (like, I expect, the people of every country!) tend to distrust the profound intellectual who can always turn a tricky phrase or find apt and compelling illustrations (and parables!) out of the depths of his learning. I think the Indian people have erred in this case. This was a man to whom deep affection was due. Mere respect and reverence are not enough. I am hoping that in his retirement he will find this affection in full measure. I give him mine.

How will the gap be filled in Madras? I am told that there is no need to be deeply concerned. It is one of the great advantages of a democratic system that it provides machinery for the selection of leaders. I should be satisfied (being a democrat!) but I am not, and I suspect that there are many people who are likewise uncertain. Rajaji over the last two years has looked in every way so central to Madras that I cannot believe that his absence will not make a profound difference there. There is a distinction between replacing a leader and replacing his leadership. I am not worried about the political vacuum; there will be no political vacuum. Madras will move on, but who will supply the brilliant fluctuations which will change (if I might permit myself a dangerous economic metaphor!) a static political system into a dynamic one?

THE INDIAN INSTITUTE OF PUBLIC ADMINISTRATION

On Monday there was inaugurated in New Delhi (with the necessary fanfare of trumpets!) the Indian Institute of Public Administration. Thus one important recommendation of the Appleby Report has been implemented. Has this new undertaking been started under the best possible auspices? Many people have their doubts. There is nothing to justify (and there is nothing to remove!) these doubts, because after all no evidence has yet been collected as to how this new Institute will work out. It has just been born. I suggest, however, that its Committee is too heavily official, implying that the words "public administration" have been too narrowly conceived. For the purposes of studying the implementation of the Plan, the private sector is just as important as the public sector. Business administration, including the liaison between the public and private sectors, seems to me an essential part of the work of an institution of this kind. Would it not have been a good thing to secure the co-operation of the private sector by inviting the business community to enter with a strong sense of participation? I would have made two leading business men Vice-Chairmen in addition (if not in substitution!) to existing appointees. And I would have had at least four leading business men on the Executive Committee. After all, we still claim we are running a mixed economy. The proportions in this particular mixture appear to me to be ninety-nine to one. It may accord with the views of the public sector; but I doubt if the country will be attracted equally by its taste; or if it will be effective in changing the organisational mind over the country as a whole.

This division between public administration and private administration is overdone as much as the difference between the public and private sectors. We need an Institute of Administration; period, as the Americans say. The task of administrators is to get things done. And it appears to me that essentially this is a problem (a) of finding the right men and (b) seeing that they have the tools to finish the job. I admit that there are different canons of selection in these cases and (alas!) different lags in time in the process of selection. For example, after ten months, the D.V.C. has acquired a Chairman or rather on April 12, it will acquire a Chairman. A private corporation which operates on the basis that vital decisions can be deferred to ten months would soon be in liquidation. But I must not (like "The Eastern Economist"!) concentrate my fire-power on the Ministry of Irrigation and Power. I was arguing on the need for recognising that administration of the Plan is now one piece. Why has this Institute been made to look as if it has only the "public" administrator to educate? Speaking for the Press, I might say that education in administration needs to be pretty widely disseminated. But, perhaps, this is only a case of charity's beginning at home; in time it will sally forth. I await this emergence of knowledge from the portals of the new Institute of Public Administration. I pray that at least then there will be established two-way traffic!

ARGUS.

SPECIAL ARTICLE

COMPANY FINANCES IN INDIAN INDUSTRIES

By

S. K. CHAUDHURI

THE financial structure of a company is vitally important; the managerial efficiency will be reflected in the soundness or otherwise of this structure. In times of strains and stresses, the internal finances of a company, if sound enough, will weather the storm. In the flush of enthusiasm for modernisation and expansion of production facilities it is not uncommon to find a none too careful management without the idea of financial planning, in extreme difficulties. The problem of company finances, therefore, assumes supreme importance in Indian industries today, small, medium or large.

This article is restricted to the finance of limited liability companies. The amount of finance required will differ according to the circumstances in which each individual company is placed. In a general way it may be stated that for a new company and some times also for extension and modernisation of existing companies long-term capital either in the shape of preference share capital, ordinary share capital or debenture and other loan accommodation is required for the acquisition of fixed assets, leaving some portion of the working capital for the day-to-day operations of the company. It is not possible rigidly to lay down what proportion the capital should take to secure a balanced capital structure. If there is a higher proportion of preference share capital as compared with the ordinary shares the capital structure becomes geared inasmuch as the preference shareholders will have to carry a considerable part of risk which is normally to be borne by equity shares. Then comes the question of proportion of loan capital. Collin Brook says that it is not easy to lay down a rule as to what proportion of assets can be used as security for debt capital although some financial purist may lay down the limit as much as 33-1/3 per cent of fixed assets. It should, however, be considered a prudent financial policy not to allow a company to assume annual obligations including preference dividends of more than 50 per cent of the net retainable profit.

In this context the problem of finances of existing Indian industries should be considered. They mainly arise out of the following factors stemming out of the last World War:

(i) The upward trend of prices necessitates larger amount of working capital. A far larger amount has to be locked up for financing inventories, viz: stock of raw materials, stores and spare parts, stock of finished and semi-finished goods, including work-in-progress. The moneys involved in these items in certain industries work out to about three or four times more than those required prior to 1945.

(ii) Due to the rise in the price level the replacement of old capital assets acquired up to 1940 or 1941 which could not be replaced during the war years has become extremely difficult. This has been the subject of speeches of Chairmen of various well-known industries and also of representations by the various Chambers of Commerce. This problem is not new to this country. With high rates of taxation and other difficulties, this has been engaging the attention of U.K. and most of the European countries. High rates of Corporation taxes in our country even when the Excess Profit Tax and Business Profit Tax came to an end together with other State imposts such as sales tax, terminal tax and the like, have rendered the position of various industries extremely difficult with the result that after payment of dividends most of the industries have hardly any balance of profit to plough back in industries for development.

The difficulties arising out of the above factors have been dealt with in various forms in different memoranda submitted from time to time to the Government by the well-known Chambers of Commerce. The object of this article is only to focus attention on some of the important points relating mainly to the financial aspects. For this purpose a study of certain groups of industries as noted below has been made and the features revealed by each group are briefly stated.

A—Coal

The accounts of ten companies from 1945 or 1946 up to 1950 or 1951 have been studied and the following points are noteworthy.

(i) Out of the depreciation fund of about Rs. 7 crores built up to 1950 or 1951 a figure of Rs. 4 crores may roughly be related up to the year 1945 or 1946. Assuming that during the war years replacements of capital assets were few and far between the latter figure may roughly be taken to represent the provision for depreciation on historical cost of fixed assets purchased prior to 1940 or 1941. The present replacement cost of those assets will be about three times more. The depreciation provision on replacement basis should therefore work out to about Rs. 12 crores in 1950 or 1951 against a provision of only Rs. 4 crores—thus showing a deficit of about Rs. 8 crores.

(ii) Net increase in capital expenditure in 1950 or 1951 as compared with 1945 or 1946 is in the region of about Rs. 4 crores. Sources of this capital expenditure are increase in share capital including debentures, annual provision for depreciation and also reserve set apart from year to year. This means that full resources at the disposal of the company have been utilised, leaving hardly any surplus for further replacement, modernisation and expansion.

(iii) The figure of current assets in 1950 or 1951 consisting of stocks, stores, sundry debtors etc., has almost doubled compared with 1945 or 1946; in all probability this is due to the increase in the price level. In a similar way the figure of current liabilities has gone up. The ratio of current assets to current liabilities, therefore, remains almost at the same level on 1950 or 1951, as compared with 1945 or 1946.

(iv) Dividends from 1946 or 1947 up to 1950 or 1951 remain more or less at the same level with fluctuations in certain of the intervening years.

B—Cotton Textiles

A study of accounts of five companies from 1945 or 1946 to 1950 or 1951 has been made and the following points deserve mention.

(i) Out of the depreciation fund of about Rs. 9 crores in 1950 or 1951 a figure of about Rs. 7 crores may be related up to the year 1945 or 1946. This should represent the provision for depreciation on cost of assets acquired up to 1940 or 1941, assuming that not much replacement was done during the war years. The present-day replacement cost of those assets would be about Rs. 21 crores leaving a deficit of about Rs. 14 crores.

In this connection it may be mentioned that the replacement cost of fixed assets of textile mills acquired years ago as stated by the Fiscal Commission would be in the region of about Rs. 100 crores against the cash resources of Rs. 45 crores.

(ii) The net increase in capital expenditure in 1950 or 1951 compared with 1945 or 1946 works out to about Rs. 282 lakhs. Sources of this fund flow from increase in share capital, annual reserve and depreciation provision. Part of the increases from the latter sources including bank accommodation has gone to finance the increase in the working capital which is about Rs. 3 crores higher on 1950 as compared with 1945.

(iii) Ratio of current assets to liabilities is 2.3 in 1950 or 1951 as compared with 2 in 1945 or 1946, displaying the strength in the position of working capital.

(iv) Dividend after 1946 remained more or less on the same level subject to some increases in 1947 and '49.

C—Engineering Companies Other Than Large Manufacturing Companies—TISCO, SCOB, IISCO

A study of accounts of four companies from 1945 or 1946 up to 1950 or 1951 has been made and the following points are noteworthy.

(i) Out of the depreciation fund of about Rs. 4 crores up to 1950 or 1951 a figure of about Rs. 3 crores may be related up to the year 1945 or 1946. This should represent the provision on the basis of historical cost of assets acquired in 1940 or 1941 assuming that there was not much of replacement during the war years. On the present-day replacement cost provision required should be three times more, e.g., about Rs. 9 crores, leaving a deficit of about Rs. 6 crores.

(ii) There has been a net increase in the capital expenditure in 1950 or 1951 as compared with 1945 or 1946 to the extent of about Rs. 177 crores and this has been met out of the increase in the share capital, annual provision for depreciation and reserve fund set apart from year to year. Thus it would appear that the full resources have been utilised leaving hardly any surplus for expansion and modernisation.

(iii) The ratio of liquid assets to liabilities is 1.6 for 1945 or 1946 as well as for 1950 or 1951.

(iv) Dividend from 1947 onwards somewhat declined as compared with 1945 or 1946.

D—Large Steel Companies—TISCO Ltd., SCOB Ltd., (Old), IISCO Ltd. (Old)

(i) TISCO: A study of TISCO accounts from 1945-46 up to 1952-53 has been made. The increase in the net capital expenditure including investment as on 31st March, 1953, as compared with 1946 would be in the region of about Rs. 13 crores. This has been met from the accumulated provision for depreciation and reserves steadily built up from year to year. Out of the latter sources also the large increase in the working capital as on 31st March, 1953, as compared with 1946 has been financed.

Although the Tariff Commission has in the recent years from July 1951 onwards included in addition to normal depreciation a certain provision for rehabilitation in fixing the price of steel, this will only partially meet the requirements for replacement of certain of the units acquired years ago. It appears from TISCO Chairman's speech and Directors' Report on accounts for 1952-53 that the 8 per cent return on capital which has been fixed by the Tariff Commission for fixation of steel prices leaves only a net return of about 3½ per cent for shareholders. It further appears that 10 per cent return on capital recommended for the period 1953-55 by the Tariff Commission was turned down by the Government on the ground that they had already agreed to advance to the Company a loan of Rs. 10 crores on special terms to finance modernisation and expansion programme. As the TISCO Chairman in his speech referred to above aptly points out, acceptance of a small increase recommended by the Tariff Commission in the return on capital would not be inconsistent with the grant of proposed advance, as Government could have directed that it be used either to reduce the total amount of their loan or to accelerate its repayment.

(ii) SCOB (old): A study of SCOB accounts from 1945 to 1950 reveals that the net increase in the capital expenditure to the extent of about Rs. 1 crore in 1950 as compared with 1945 is derived mainly from the depreciation fund. Part of depreciation fund has also gone to finance the increase in the working capital. For the expansion and modernisation programme it is known that the present IISCO Ltd., which has absorbed old SCOB, has secured a loan of about Rs. 15 crores from the World Bank for the modernisation and expansion. Otherwise this would not have been possible.

(iii) IISCO: A study of the old IISCO Ltd., from 1945-46 to 1950-51 has been made and it shows that the net increase in the capital expenditure as compared with 1946 has been met out of increase in the share capital including debentures and annual provision for depreciation and reserves. This company has now been amalgamated with SCOB under the style of IISCO Ltd., and its modernisation and expansion will be effected by the loan which has been obtained from the World Bank.

(iv) The ratio of current assets to liabilities has fallen from 3 in 1945-46 to 1.5 in 1950-51 showing that far less money is kept for working capital.

E—Cement

(i) In the absence of detailed information about other companies a study of the accounts of only one company, namely Associated Cement Cos., Ltd., has been made for the years from 1945-46 to 1950-51. Out of the depreciation provision of about Rs. 6 crores as in 1951 a figure of Rs. 3 crores may be related up to the year 1945-46. This should represent the provision for depreciation on cost of assets acquired up to 1940-41 assuming that there was not much of replacement during the war years. The present-day replacement cost of those assets would be about Rs. 9 crores, thereby leaving a deficit of about Rs. 6 crores.

(ii) Net increase in capital expenditure as in 1951 as compared with 1946 is in the region of about Rs. 6.40 crores. This increase in the capital expenditure has been met from increase in share capital and other reserves. A part of the finances obtainable from the latter sources has also gone to increase, to a certain extent, the working capital.

(ii) The ratio of current assets and liabilities is 3.2 in 1951 as compared with 3.9 in 1946. This shows the strength of the working capital of the company.

(iv) Although percentage of dividend declined in 1947 and 1948, it went up again from 1949 onwards.

Summarising the positions of the five groups of industries which have been briefly dealt with above, the following points emerge.

(i) It has been shown that after the war years whatever capital expenditure had been incurred was met mainly out of increase in share capital including debentures in certain cases, provision for depreciation and reserves in almost all cases. Part of the fund together with Bank Loan in most cases had gone to finance increase in the working capital.

(ii) There is clear indication that resources in each group will be grossly inadequate for extensive replacement of assets acquired in 1940-41.

(iii) In the case of steel and cement companies 8 per cent return on block included in the controlled price leaves only a small margin for payment of dividend after allowing for taxation, profit sharing, bonus and managing agency commission. Hardly any surplus will be available for ploughing back any part of the profits.

Although the MacMillan Committe on Industry and Finance in England reported as far back as in 1931, some of the features of the industrial problems reported therein are very relevant to the situation of industries of our country. The Committee found the gap, since termed as 'MacMillan gap', signifying the field of financial requirements lying between the short-term facilities ordinarily furnished by banks and the long-term facilities in the shape of share capital or loan capital. It was found that the English industries were built more or less out of capital provided privately and extended out of profits. In so far as they required banking facilities they found them from independent banks. They were further assisted by investors who exercised their independent judgment without relying too much on banks. In Europe, particularly in Germany, relations between bank and industry were different. Banks were associated more closely with industries. This arose out of scarcity of capital and of investors. Scarcely a single important company had been founded without the collaboration of the bank. If a company's case came before the bank, the latter, for the purpose of financing, would draw up a scheme determining the amount and type of capital to be issued and then in some cases itself take a part of shares into security portfolio with the idea of issuing them at a later date. In France the development of industries persisted more or less on similar lines although the association with banks was less intimate than in Germany but much closer than in England. In U.S.A. the great industries were affiliated in general to particular banking houses and in particular in the merging of most of the American Corporations, some houses or banks had played a leading part with the consequence that the relations between them had actually remained a close and continuous one. The following words of the Committee in this connection are worth quoting: "Taking the very broadest view over the modern world we believe that in any community which wishes to keep pace in the van of progress financial and industrial worlds should be closely inter-related through proper organisation". The difficult task of reconversion of war time economy to peace time economy led to the birth in England of two institutions styled "Industrial and Commercial Finance Corporation, Ltd.," and "Finance Corporation of Industry, Ltd." Both these institutions are neither financed by the government nor are they subject to any government control. The object of the former is to provide finance for the small and medium size industries and the latter under a more ambitious scheme to make provision for temporary or long period finance for large-scale industries.

In the foregoing paragraph we have endeavoured to show that there are great possibilities for expansion and development of industries through Corporations sponsored either by Central or State Governments or by private bodies. These, no doubt, afford timely long-term or medium-term finance to set the industries on foot. The prosperity of a business concern, however, depends upon good and efficient management which will again be reflected in the profits it earns. It is out of profits only that the long-term loans can be amortised. It is profits which generate capital and thereby add to capital formation. It is through auto-financing out of profits that businesses in U.S.A. and U.K. have made rapid strides. The speed with which old plant and machinery in foreign countries, particularly in U.S.A. are scrapped clearly indicates the extent of auto-finance through profits ploughed back into the business.

In a Welfare State a business must be socially responsible. It cannot only be limited by a policy of making profit. Top management in a successful industrial company must have the responsibility of holding the scales even between staff and labour, between shareholders and consumers, between the company's own advantage and the larger interests of the country. Within this objective a business to be in the van of progress must earn profit to get it going. It is this element of profit which in a progressive industry creates employment for men, yields return on investments in the shape of share holdings of numerous men of moderate means, provides taxation revenue to the Government and when ploughed back adds to the capital formation thereby increasing the national dividend of the country.

In the report submitted to the Government of India by the International Monetary Mission it has been stated that the rate of income tax in India is higher than that in U.S.A. and Canada but slightly lower than in U.K. It has also been stated that the revenue from taxation devoted to current Government operations militates against the country's productivity; perhaps less so when it is used for public development purposes. The income tax and corporation tax takes a heavy toll on earnings of business corporations almost to the extent of 44 per cent of net profit. Added to this the business economy in private sector has to bear mounting cost through speedy labour legislations, some of them hastily conceived and immaturely hatched out. Then again the price control in certain industries squeezes the margin of profit leaving hardly any surplus for capital formation through self-financing. If therefore our industries in private sector have to play their legitimate part for the purpose of contribution to the national wealth they should be enabled to increase their financial strength through self-financing out of profit. The following suggestions are offered to meet to a certain extent the present situation.

(i) The prices of all the products of those industries which are controlled by the Government should be fixed to include a return of at least 10 per cent on capital. If the Government so desire, extra 2 per cent over the 8 per cent subject to taxation may be transferred to capital reserve to be utilised for modernisation and expansion.

(ii) The rate of income tax on business corporations is very high. There is a strong case for admitting provision for depreciation on replacement basis for taxation purposes. The practical application of this principle may, however, involve considerable difficulties which the Central Board of Revenue in its narrow traditional outlook may not be prepared to face. In the alternative a simple solution would be to leave 10 per cent of the net profit 'free of tax' with the rigid condition that the amount so set apart will be used only for either replacement or expansion of production facilities. The Matthai Commission, it is expected, will offer some solution to the harmful effects of high rates of taxation on capital formation.

(iii) All labour legislations before introduction should be considered seriously from the point of view of increase in the cost structure of business and how the latter will affect their finances. Increase in productivity aims at reduction in cost. But if it is offset at every step by mounting expenses through Government legislation of one sort or the other the profit on excess production does not achieve its purpose of adding to capital formation.

THE BUSINESS WORLD

STEPS TOWARDS STERLING CONVERTIBILITY

Apart from an initial weakness in the Bombay bullion market, the decision to re-open the London gold market—which went into effect from Monday last with six firms meeting formally in order to fix prices—does not seem to have influenced the markets a great deal. As a matter of fact, the only official reaction to the re-opening of the gold market and the abolition of all restrictions on the transfer of non-dollar non-sterling area sterling so far has been the decision by South Africa to acquire all the internally produced gold for sale in London through the South African Reserve Bank. The absence of any other significant result can easily be explained.

As far as countries outside the United Kingdom are concerned, the implications of the two recent decisions are as follows:

(i) As Australia has made it clear, those exchange regulations which prescribe the currencies in which payment can be accepted for exports need not any longer stipulate what type of sterling will be accepted.

(ii) Any country which has gold to market may sell it in London against a credit in sterling and withdraw it later provided on this latter occasion it has registered sterling standing to its credit, that is to say, sterling which has been acquired against the sales of dollar or gold to the Bank of England. The fact that gold can be sold to the London market and be taken out in these terms may, perhaps, revive the practice of leaving some of the overseas reserves in London, in which case there will be an inflow of gold into London, which will be balanced by a liability to repay it on demand.

(iii) The transferability of sterling outside the American, Canadian, Iranian, Hungarian, and Turkish accounts will be unrestricted.

Not one of these implications, however, is new, and not one of these by itself means that sterling is anywhere nearer to convertibility today than it was.

The revisions of exchange control overseas regarding the type of sterling, if any, in which payment has been prescribed is of minor importance.

As for gold inflows into London, this will depend on two things, namely,

(i) the maintenance of the narrow spread, one shilling at present per fine ounce, between buying and selling rates so that confidence is sustained; and

(ii) maintenance of a liquid position on the part of the Bank of England in the sense that the reserves are well maintained, so that any withdrawal need not cause any embarrassment.

As has already been pointed out in Day's 'The Future of Sterling', the second condition means that the gold which is temporarily acquired, if, indeed, it is acquired at all, cannot be profitably invested or used. In practice, it is doubtful whether apart from arbitrage and brokerage income, London will benefit very much from the centralisation of gold purchases and sales in the City, assuming that such a centralisation takes place.

The full transferability of sterling outside the five specified accounts might have meant much if it were not a formal recognition of already existing practice. The table below summarises automatic and administrative transfers in the past few years.

	Automatic	Administrative
1949	144	125
1951	241	222
1953	209	170

The decline in the transfers of sterling in 1953 reflects the lower prices rather than the decreased use of sterling as such. Sterling has always been as freely transferable in practice as was needed, and the formal recognition of this position does not make for any significant change in the position.

The decisions which have recently been announced will prove to be a step towards convertibility—if but only if one major condition is fulfilled, namely, when British or the sterling area's exportable capacity, or rather net surplus position, has been developed up to the point that sterling becomes scarce. If this is a goal which is in prospect, then undoubtedly it may be possible to plan,

(i) to increase Britain's arbitrage and brokerage earnings,

(ii) to attract gold from abroad although initially it will have to be held as cent per cent backing against the newly created variety of registered sterling,

(iii) to plan to increase the sterling area's current surplus to such an extent that registered sterling can ultimately be paid for in British goods.

The steps which have recently been taken are meant to prepare for this future. That and not any immediate change for better or for worse is the true significance of this liberalisation.

HOUSING THE WORKER

By

CROESUS

A very important event took place in Bombay on March 25, 1954, when Mr. Morarji Desai, the State's Chief Minister, laid the foundation-stone of the workers' colony of the Century Spinning and Manufacturing Co., Ltd. It is an ambitious scheme costing about Rs. 12 lakhs even to begin with. Provision of housing for industrial workers, especially with the keen interest now being evinced by the State Governments—to Bombay must go the credit for being the pioneer in this field—and the Union Government, is perhaps neither new nor novel, but, if it is remembered that, for the past fifteen years or more now, there has been no worth while addition to the number of houses provided for workers by the cotton mill industry in this city, it would not be difficult correctly to assess the significance of the notable move made by the present management of the Century Mills. (It is only two years ago that the Mills came under the new management.) According to the Bombay Rent Enquiry Committee, which submitted its Report towards the end of 1939, there were about 5,000 tenements in the city belonging to the mills, in addition to a B.D.D. chawl purchased by them, and these were occupied by some 20,000 to 21,000 workers and their dependents. According to another source, the member-mills in Bombay city today have 166 chawls consisting of 4,940 tenements, a small

number of which consists of double rooms, of which the greater part are between 10' x 10' and 15' x 12'. The rent charged varies from Rs. 3 to Rs. 5 in the case of small rooms and between Rs. 5 and Rs. 6 in the case of big rooms. Approximately 16,000 workers reside in these tenements.

To revert to the Century Mills scheme, it should be specially stressed here that the management has embarked on this big housing scheme at its own cost and out of its own resources, instead of availing itself of the Government subsidised housing scheme, although the houses to be built will more than conform to the Government's industrial housing requirements. For instance, the plans of these houses exhibited on the occasion showed that, besides just providing living space, the management has also arranged for affording recreation and other amenities of life to the workers and their families.

It was a nice sentiment—and also a correct description of the existing state of affairs—that Mr. R. D. Birla, Chairman of the Board of Directors of the Century Mills, gave expression to on the occasion. He thus observed that, of food, clothing, and shelter, the three primary necessities of life, while workers had been able more or less to meet their needs of food and clothing—thanks to the increase in their remuneration during the past few years—the same could not be said about their housing and that, therefore, the ceremony to be performed by the Chief Minister of Bombay on that day was a step in the right direction. In this connection, it is interesting to refer to the general policy that industries under the management of the Birlas have been generally following. To quote Mr. Birla's own words, "in respect of industries under our management in different places in India, we have always endeavoured to provide housing for labour in accordance with the financial position of our concerns. In places where there was no shortage of land, we were able to provide houses for almost all the workers, and we are happy to say that they live a contented life". But, in places like Bombay, as Mr. Birla rightly pointed out, it is difficult to get sufficient land. For this reason, it is all the more creditable that the Century Mills management has found it possible to spare the land it has specially done for the purpose.

So far, at any rate, in this country, provision of all the amenities to workers is one thing and recognition thereof in the shape of better and more conscientious work by the employees is another. So long as this correlation is not there, it is doubtful if our country will be able to make much headway in the export markets. Mr. Birla did well, therefore, to bring out this point quite forcefully in the course of his address. Said he: "At present, about 15 per cent of our total cloth production is being exported, but I am not sure whether we shall be in a position to maintain this rate of export in future. For, although our cloth has been competitive in foreign markets so far, it has been largely due to the availability of cheap cotton in India. The cloth which we have been exporting cannot be regarded as of a very high standard". What is this due to? According to Mr. Birla—and no one can dispute this—this is partly due to the employment of old machinery, but "the quality of work done by the workers is also partly responsible for this state of affairs". On behalf of mill managements, generally, I suppose, Mr. Birla said this: "The management will see that proper changes in machinery are effected," and he hoped that, in their turn, the workers also would "extend their fullest co-operation to see that the quality is improved". In this connection, pertinently added: "Although our workers are no less skilled than foreign workers, we cannot yet assert that their efficiency is on a par with that of the foreign workers. But, if we are to retain our present competitive position, it is absolutely essential that we should raise our standard of efficiency. If our prices are higher, (as they are bound to be with all the present imposts on the industry) and the quality is poor, it would be difficult for us to maintain the present export market".

Mr. Birla also availed himself of the occasion to disabuse the minds of some doubting Thomases about the ability of the Indian cotton mill industry both to produce sufficient textiles for the vast internal market and to spare something besides for the export market. His estimate of mill cloth that could be made available for export at 1,500 million yards actually exceeds the Buxton conference figure (to which this country is even now committed), namely 1,000 million yards. According to him, cotton mills in India can easily raise their production to at least 6,500 million yards, that is 1,800 million yards more than what the Planning Commission has fixed as the target to be reached by the end of 1955-56. This should not at all be impossible, seeing that in the year 1953 itself, the industry produced more than the Planning Commission's target. In fact, as Mr. T. T. Krishnamachari, the Union Minister for Commerce and Industry, stated, whilst inaugurating the Textile Centenary Exhibition the other day, the output of the industry could well go even up to 7,200 million yards (so as to allow of a per capita distribution of 20 yards instead of only 15 yards as envisaged under the First Five-Year Plan). While on this point, the Union Minister also gave the reassurance to the industry that at least on the score of the additional quantity of the important raw material required, it need not worry, inasmuch as a target of 50 lakh bales of raw cotton was by no means an impracticable proposition.

I was present when Mr. Morarji Desai laid the foundation-stone of the Workers' Colony, and I must say I was struck by the care and earnestness with which he went through the ceremony, as though he were laying the foundation-stone of his own house. This act of his convinced me, as it must have done many others present on the occasion, how sincere he was when he observed: "It is our desire to make the workers of our country happy and prosperous by providing them food and clothing and healthy shelter to live in. The working class has to be looked after for the prosperity of the country." But, at the same time, he enjoined on the workers that they should give of their best. "If all—the industrialist, the technician, and the worker—do their work well, there will be no room for conflict", he added. Referring to the housing scheme itself, Mr. Desai said that it was not a small achievement. It means a lot of money. Although the present scheme is estimated to cost only Rs. 12 lakhs, when housing is provided for as many of the 13,000 workers as possible, it may go up even to Rs. 50 lakhs. All this money must come from somewhere. Hard and sincere work is needed by all—labour, technician, and management alike. If everyone plays his role properly, good results are bound to follow and all will prosper. Accordingly, for having given the right lead, the Chief Minister of Bimbay complimented the Century Mills management and expressed the hope that other industrialists also would emulate this splendid lead.

Concluding, Mr. Desai said that if industrialists and employers looked after their workers well, there would be less need for the Government to interfere. It would be a happy day, he went on to add, when employers and employees settled their differences without resorting to adjudication or industrial courts, as, indeed, employers and workers have decided to do in Ahmedabad. There is no gainsaying this, but I am not quite sure whether, latterly, it is not the employees themselves who have been forcing the managements to resort to labour courts, sometimes on the flimsiest of pretexts. Our Trade Unionists seem to have found out that the easiest way to keep the employers on tenterhooks all the time is to keep some issue or other

before the labour courts, so that no worker can be sent out even if he is guilty of a serious offence. For, under the Industrial Relations Act, no worker can be discharged during the pendancy of a dispute. Is not this like spreading a bed to one who is yawning even otherwise, as the adage goes?

ELECTRICITY—THE FEDERATION'S CASE

By
CROESUS

Of the many difficulties with which the electricity industry is faced, at least one, the one that has been causing the utmost anxiety, namely the rate of return on investment permitted to the investor in the electricity supply industry, bids fair to be solved very soon. According to a statement made by Mr. K. G. Milne, Chairman of the Ahmedabad Electricity Co., Ltd., at the annual meeting of the Company on Monday, the Federation of Electricity Undertakings (F.E.A.) has been invited to send a delegation to meet Mr. Gulzarilal Nanda, the Union Minister for Planning, this week. The interview has been specifically fixed to consider the question of the standard rate of return.

This question, it may be noted, has been hanging fire for such a long time that I am beginning to doubt whether the Government has at all cared fully to go into this question. If it has, it beats me at least as to why nothing concrete has so far been done to redress a genuine grievance such as this. Only last month, in the course of his presidential address, Shri R. G. Saraiya, the out-going Chief of the Federation of Indian Chambers of Commerce and Industry, made a pointed reference to this question and complained that, in spite of money conditions having become tightened since the return to the investor was limited to a ceiling of 5 per cent on the capital base by the Electricity (Supply) Act in 1948, the Government had not agreed to allow any increase in the return. On the basis of this low return, he seriously doubted whether "we can hope to secure the savings of the average investor in this or any other country to Indian industry".

Recently, the Ministry of Irrigation and Power asked the F.E.A. to carry out a survey of the plans for expansion and rehabilitation of its constituents with a view to ascertaining how successful or otherwise they have been in raising capital to finance these plans and to give specific instances of failure. The Ministry perhaps did this, because it did not apparently take very seriously the repeated representations of the F.E.A., as also of others, that, with the permissible return on the capital base fixed at only 5 per cent, it had become almost impossible for electricity undertakings to raise finance even for badly needed rehabilitation and expansion. But, much to its surprise, the Ministry must have found in the results of the survey a convincing proof of the need to stimulate investment in the industry. The F.E.A. survey has fully substantiated that all the representations on the subject made to the Government so far are well-founded. It is to be hoped that at least now the Government will not be slow in going to the rescue of the industry. Already, the delay has so worsened the position of some units of the industry that, even though the Government may permit them a slightly higher rate of basic return now, they may not be able to execute their plans of expansion and rehabilitation in full.

Had the authorities concerned in all the States been a little more imaginative and taken prompt action in setting up State Electricity Boards as provided for under the Electricity (Supply) Act, 1948, many an electricity undertaking would not have come to this pass. For these boards, it should be remembered, are charged with the authority to afford loans to licensees, and they could have easily done so, what with all their statutory powers of guidance and control of the borrowing concerns. Unfortunately it is only Madhya Pradesh and Delhi—and Saurastra is doing it now—that have so far set up such Electricity Boards. Until only a few days ago, it was being rumoured that the Bombay State also would be setting up one, but it is now feared that this may be again delayed, thanks to the Government of India having extended the time limit for the constitution of State Electricity Boards by yet another year, that is till March 31, 1955. In view of this, the Government of Bombay may well choose to await the effecting of certain desirable amendments to the Electricity (Supply) Act, 1948, which it has ere now urged. One must, therefore, hope that the Union Government will expedite these amendments alongside or raising the percentage rate of basic return.

A BANKER ON HIS PROBLEMS

By
CROESUS

In view of the provision in the Five-Year Plan for banks to make available to industrial development in the private sector Rs. 150 crores more by way of working capital and in view of the appointment of the Shroff Committee to examine how increased bank finance could be made available to the private sector through sources other than those which are under the consideration of the Taxation Enquiry Commission, the observations of Mr. Pranlal Devkaran Nanjee, Chairman of the Banks' Association, at its annual meeting last Monday, as to how the resources of the banks could be expanded and thereby more accommodation could be made available to industries, merit prominent attention. Since the Association is quite representative of scheduled Indian banks, it is unnecessary to add that these observations are the result of day-to-day experience of several of these commercial banks.

In order to be able to advance more money to its clients, a bank should have more deposits. Although it is well known that a bank attracts deposits in more or less direct proportion to the confidence it enjoys among the public, the fact remains that the habit of depositing funds in a bank has yet to develop considerably in this country. This is evidenced by the fact that, whereas the deposits of our scheduled banks are only about two-thirds of our total currency, the deposits of banks in the U.K. are about four times the currency in that country. Mr. Pranlal feels that deposits in this country can be greatly increased if our people are properly educated and made to feel that it is anti-social in the present under-developed state of our economy to continue to keep their savings in hoards instead of depositing them with the banks. At the same time, the I.B.A. Chairman, who, by the way, has been re-elected this year also, feels that it is necessary to inspire the confidence of the public in the stability of licensed banks. As he rightly says, "the failure of a bank means the loss of public confidence even in sound banks."

Some suggestions have been made by Mr. Pranlal to strengthen the position of scheduled banks. One of these is that the minimum requirement for paid-up capital and reserves of scheduled as well as non-scheduled banks should be adequately raised. He is right in holding that these requirements, which may probably have been adequate in 1934, are no longer so, because, since then, our bank deposits have increased

more than four-fold and our currency more than six times. Another suggestion of Mr. Pranlal is that in the larger interest of banking, non-scheduled banks should be linked to, or associated in some effective manner with, scheduled banks.

Several other suggestions of the I.B.A. Chairman, such as the removal of impediments in the way of expansion of bank resources and implementation of the Rural Banking Enquiry Committee recommendation regarding non-applicability of the awards of Industrial Tribunals to offices of banks situated in towns having a population of less than 50,000 should also go a long way towards strengthening the banking structure of our country. I have to draw attention to only one example of an unwarranted impediment in the way of our scheduled banks to expand the resources. The Port Trust authorities, I understand, some time ago, insisted that they would continue to keep their deposits with the banks on condition that the latter agreed to pledge Government securities of sufficient value with the Port Trust authorities. If every large-scale depositor were to insist on such a condition, one can well imagine the helplessness of banks.

Certain positive directions in which more money could be made available through the banking system have also been indicated by Mr. Pranlal. How far these are practicable and how far, again, the public would accept these, however, are questions that require to be carefully gone into. For instance, it has been suggested that the public should be discouraged from shifting their funds on current account to deposits on call. Mr. Pranlal has no doubt been provoked to make this suggestion as a result of the tendency on a large scale during the busy season to shift the current account moneys to call deposits. In order to do so, he has suggested that banks should insist that any call deposits to be entitled to interest should be kept for a minimum period of three weeks, as in Great Britain. Secondly—and this applies to the banks themselves—all banks are asked to agree to abide by a common code in the matter of charging interest on deposits and advances and commission or discount on bills. Older and more established banks will probably want to be more liberal than younger and new institutions. But, if the Reserve Bank of India were to take the initiative in the matter as has been suggested, things may be different. But, even so, I am afraid some banks may feel that they are unduly bartering away their independence for the sake of an unrealistic ideal, namely uniformity.

I have already analysed in these columns the position with regard to the extent to which commercial banks could make medium or long-term advances to industrial concerns. Mr. Pranlal thinks that, considering the urgent need for developing the country rapidly and raising the low standard of living of our people, commercial banks in India should adopt a broader and more national outlook and should give medium and long-term advances to industries. Anticipating perhaps that the Shroff Committee also may recommend likewise, he has urged, as the most essential prerequisite to any such course, "the widening of the definition of paper eligible for being advanced against, by the Reserve Bank to scheduled banks so as to include this type of industrial paper".

It is significant that Mr. Pranlal should have particularly commented on the establishment of foreign branches by member-banks of the Association and urged the Government to give all facilities to encourage Indian banks to establish more and more branches abroad. As he has pointed out, apart from the profits which these banks will bring in course of time, they will also save the invisible import in the form of services of foreign exchange banks. This may, of course, take a long time, but, given proper assistance on the lines urged by Mr. Pranlal, there is no reason why Indian banks should not make rapid headway in establishing foreign branches.

NORTHERN RAILWAY

Concessional Return Tickets to Hill Stations

With effect from 1st April 1954, up to 31-10-1954. Second, Inter, Third and Servants, Hill Concession Tickets at one and half single Journey Fares, available for 3 months from date of issue will be issued from All Stations on Northern Railway and other Indian Railways from which the chargeable distance is 150 miles or more for the under mentioned Hill Stations.

Simla, Solan, Dharampur Punjab, Dehra-Dun, Pathankot, Kathgodam, Ootacamud, Kodi Kanal Road, Abu Rroad, Coonoor, Darjeeling, Kurseong, Shillong & Pipariya.

Break journey on the outward trip is not permitted. Reservation for Return Journey can be made only from the hill stations, from which the return Halves are available.

GENERAL MANAGER (COMMERCIAL),

NEW DELHI.

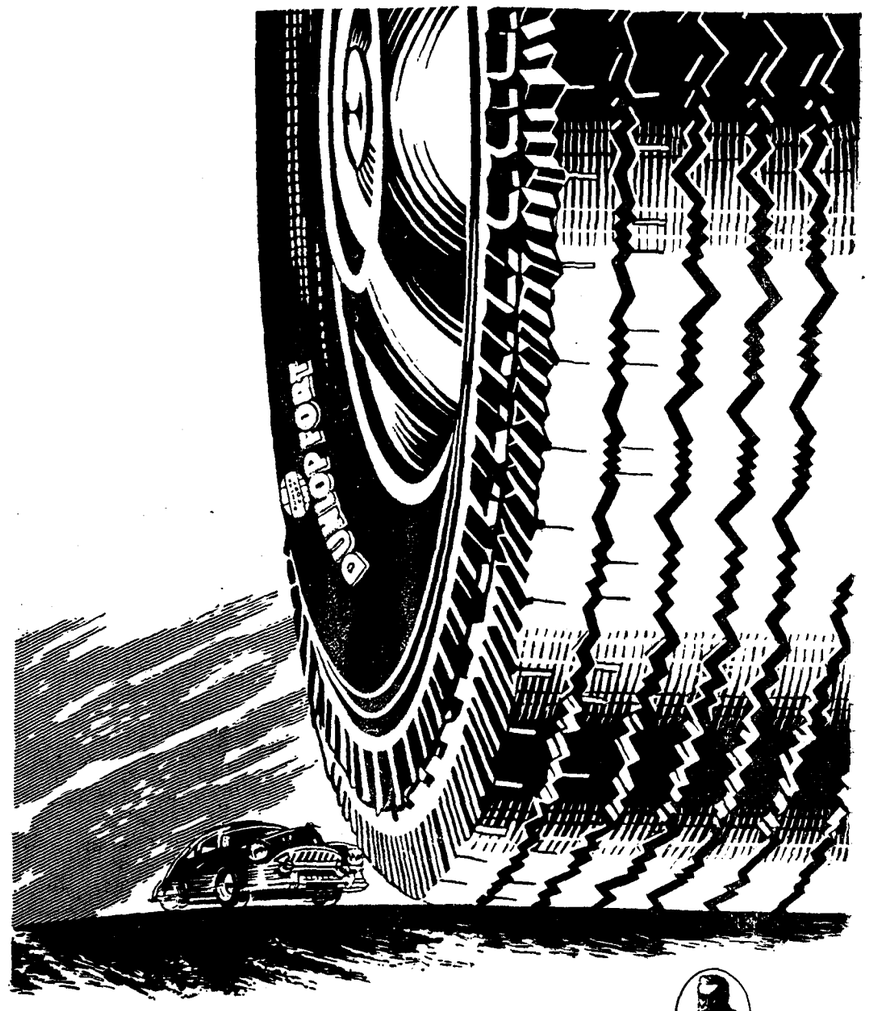
An exhibition of Swiss industry 17 groups distributed in 21 halls



Information, booklets and catalogues obtainable directly from the Fair or from Swiss Legations, Consulates and Chambers of Commerce abroad

Swiss Industries Fair Basel 8th-18th May 1954

The watchmaking section has been considerably increased
A watchmaking display with a world-wide reputation



YOU WILL GO FURTHER WITH

DUNLOP FORT

BUSINESS NOTES

STEEL RETENTION PRICES

There are two features of the Government of India's Resolution increasing the retention prices of the Steel Corporation of Bengal which indicate a change in the official view regarding steel prices. One new fact which emerges is that, whether or not the Government of India is thinking of increasing the permissible rate of return, the entire basis of price fixation will soon come up for review. This will mean,

(i) that the question of including a return on the loss block of the collieries will be considered afresh, as has, indeed, been already promised,

(ii) the arrangements to be made for allowing depreciation and additional depreciation will be reviewed so that lump sums, if necessary unrelated to the gross block, can be allowed for,

(iii) in view of the fact that it is desirable to fix prices for a fairly long period, while the assumption of low production may inflate costs if it turns out that actual production is in excess over this period, the question of forecasting an average rate of production over a fairly long period naturally becomes important at this stage.

All these points will be considered in respect of the enquiry which will fix prices after the 1st April, 1955.

The other feature of the policy regarding the fixation of steel prices is that the consumers of steel rather than the tax-payer should bear the burden of any increases in the retention prices of various units. An increase in the selling prices ex-equalisation fund has already been announced taking effect from the 22nd March, 1954. This is sound policy, for if the price of steel has to be fixed at such a level that current prices as well as rehabilitation costs have to be covered, then, it is clearly equitable that the consumer of steel rather than the equalisation fund or the tax-payer should meet this cost.

RAW JUTE POLICY

The final estimate of the jute crop for 1953-54 reveals a drastic decline in acreage as well as yield. The area under jute that is placed in the final estimate at approximately 1.2 million acres is 34.2 per cent below the area in 1952-53 and although the decline in yield is expected not to be in exact proportion to the decline in area, it is also quite large. The output is estimated to be 3.13 million bales approximately or 32.1 per cent below the previous year. This is attributable to the low prices for jute prevailing in the last season, but improvement in the price level is now presumed to bring about an increase in the crop next year.

In voicing this feeling of optimism, however, Mr. K. R. Damle was frank in emphasizing the limitations of extending the acreage under the jute crop. All further drive for fuller satisfaction of requirements of raw jute from domestic output must, therefore, be concentrated on intensive cultivation and quality, particularly on quality which must continue to be the basic objective of jute policy. This approach to the raw jute supply situation is being assisted by the direction of Government's policy in the allocation of finance for jute development schemes. With the sanction already accorded by the Union Government in the matter of funds for opening new seed farms, the State Governments should be in a position to take prompt action in time to supply seed of higher quality in sufficient quantity for the sowing operations at the end of the next jute season. The benefit in production is anticipated to be in the neighbourhood of 15 per cent at least. The State Governments of West Bengal and Bihar are to be given loans to open three quality seed-farms each for supply to farmers at a cheap price. The losses in this supply, if any, will be shared half and half by the Union Government and the State Governments concerned.

Further details are now available from Dr. Deshmukh's statement in Parliament about the early action which the Government has promised to take on the suggestions of the expert committee on development of jute. The official policy is being reorientated to this end. In the course of the next three years, in West Bengal 3,000 new retting tanks are to be dug and 3,000 old tanks are to be renovated. The corresponding project figures for Bihar are 4,000 new tanks and 500 old tanks. The costs incurred in these operations are to be shared 50 per cent by the Union Government and 50 per cent by the State Governments. The Governments of the two States have also undertaken to organize proper machinery for the distribution of 550 seed-drills and 550 wheel-hoes in West Bengal and 150 seed-drills and 150 wheel-hoes in Bihar, the cost of the rationalised equipment being borne by the Union Government.

The results of this shift from quantitative self-sufficiency to emphasis on greater production of quality jute are expected to be reflected initially in the crop of 1954-55.

PROTECTION FOR ANTIMONY

The antimony industry's case for continuance of protection after December 1954 has come up for investigation before the Tariff Commission. One of the views expressed before the Commission goes to the extreme length of saying that even from a strategic angle the justification of building up the antimony industry in this country at any cost has lost force. This is so because partition has deprived this country of the supply of antimony ore from Chitral. The ore is now imported from the United States and other countries. In times of crisis the availability of antimony ore may be dislocated and stopped so that the existence of the refinery at Bombay would make no difference in the situation. This is, of course, an exaggerated and defeatist view. The possibility of locating deposits of antimony ore in Bhandara and Durg districts of Madhya Pradesh is being taken up for active investigation in the current year by the Geological Survey of India. Even apart from it, there is no reason whatsoever to abandon an industry just because an extreme contingency may arise.

But this view should force some hard thinking on the set-up of the industry. It is possibly due to the fact that the supplies of antimony which enter into the raw materials of certain industries are very irregular. Indigenous production has dwindled from 376 tons in 1950 to 130.19 tons in 1953. The estimated output, according to the sole producer, the Star Metal Refinery of Bombay, is 400 tons in 1954 and 300 tons in the two subsequent years. This represents the gap between the capacity of 600 tons per annum on a three-shift basis and the actual output. In so far as quality is concerned, the general verdict is that it is improving and satisfactory. In the immediate context, one difficulty of the indigenous unit is that while the world price of antimony is falling, the price of antimony ore may not show a proportionate fall. In fact, as the situation has actually obtained since dependence on imported antimony ore, there are wide fluctuations from consignment to consignment and then again the flow of imports is irregular and at least not as certain as it can reasonably be expected to be. It is necessary to remember, however, that although antimony ore has introduced a new factor in the structure of the industry, seven years after its establishment in 1940 grant of protection has not added any burden to the consumer

inasmuch as the only change brought about was to convert the revenue duty into a protective duty without increasing its rate. The weight of evidence, therefore, indicates that all essential measures should be taken to foster the industry. The prospect of getting rid of reliance on imported antimony ore may make a most vital difference at a later stage.

TATA DEFERRED FADES AWAY

Tata deferred, which had ruled the stock exchanges in this country as their virtual barometer, vanished from the scene on March 26, 1954. The unique place which this scrip earned for itself and also maintained over such a long period of years has no parallel in the history of the stock exchanges anywhere else in the world. In its romantic but very highly speculative career, this scrip of a paid-up value of Rs. 30 each touched violent swings of quotations on the market touching the all-time peak of Rs. 3,640 in 1949 and the lowest ever of Rs. 26-14 in 1925. On the last day of its existence it was quoted at Rs. 2,200. It is hardly likely that any other scrip will earn a similar privileged position or leadership at the stock exchanges. But the disappearance of the claim to distinction based on the speculative potential need not be regretted.

These shares were first issued in 1907 at the inception of the company and for the second time in 1918 when a scheme of capital expansion was launched. In the entire capital structure of the Tata Iron and Steel Company, 48,750 deferred shares of the value of Rs. 30 each accounted for Rs. 14.93 lakhs, out of the total paid-up capital valued at Rs. 10.47 crores. But they were entitled to practically 50 per cent share in the Company's profits. Barring the two periods 1908-1914 and 1922-35 when no dividend was declared, the level of dividends had always ruled high touching the maximum of Rs. 172-10 in 1941, the lowest being Rs. 7-8 in 1915 and 1936. The distinguished position of the shares in the claim to profits and their normal high level explain the secret of their sustained strength at the top of all the speculative scrips. But the history that they have been able to make will not be repeated. On the other hand, the emergence of different scrips vying for leadership at the stock exchanges will indicate, in some measure, the health of the industrial economy of the country.

The peculiar nature of deferred shares brought an element of weakness in the capital structure of the company and impeded the execution of the plan for modernisation and expansion. For obvious reasons, Government could not see its way to advancing an expansion loan until reasonable stability was restored to the capital structure by conversion of deferred shares into ordinary ones. In terms of the award of the mediator, Mr. M. C. Setalvad, one deferred share has now been converted into six ordinary shares of the value of Rs. 75 each. To these will be added six bonus shares on the basis of the issue of one bonus share for each ordinary share after conversion. Capitalisation will reduce the size of the Reserve Fund from Rs. 11,00,00,000 to Rs. 4,13,37,000. The company's capital will now consist of 12,85,000 shares of Rs. 75 each amounting in the aggregate to Rs. 17,38,75,000.

FINANCIAL OPERATIONS OF INTERNAL AIRLINES

Authoritative information, furnished by Mr. Raj Bahadur, Deputy Communications Minister, to the House of the People, gives a more detailed idea than before of the initial losses incurred by the Indian Airlines Corporation in the first five months of operation since nationalisation. The provisional deficit disclosed by the gap between expenditure of Rs. 298.30 lakhs and revenue of Rs. 262 lakhs is of the order of Rs. 36.30 lakhs. This estimate of losses has been made without taking into account appropriations for depreciation and interest charges. The actual deficit including these two essential items would show a higher figure. Five months have been picked up only as the initial point of survey, but it should act as a spur to tighten up vigilance on waste in expenditure and leakages in revenue. In fact, Mr. Raj Bahadur's statement and replies to supplementaries give assurance that these objects will be kept in view.

The Deputy Communications Minister chose to be frank and informal in his appraisal of the financial working in the initial period. He stated that the rise in expenditure could not be blamed upon the price of aviation spirit since there had been no such rise during the period. Some of the causes of higher expenditure are stated to be the increase in charges on account of insurance of aircraft which were not previously insured and grant of increments to staff to cover the suspension of their due rises in salaries. The fall in revenue from freight traffic has been attributed partially to the permission given to non-scheduled operators to fly direct to Assam without making a detour from the regular routes. This permission has involved competition with the Airlines Corporation's scheduled services, but it has been tolerated in fulfilment of the assurance given at the time of nationalisation against plunging the non-scheduled operators and their staff into some measure of unemployment. Another factor of lower revenue was the seasonal fall due to monsoons. Mr. Raj Bahadur has pleaded that the subsidies granted to the airlines plus the losses incurred by them prior to nationalisation would reveal a larger quantum of loss than the deficit shown in the five months in question. This plea cannot carry any conviction in the absence of statistical evidence of a comparable period.

PROMOTION OF INDO-POLISH TRADE

Schedules attached to the Indo-Polish Trade Letters which expired on December 31, 1953, have been revised and made applicable for a period of one year from January 1, 1954, by an exchange of letters between the two Governments. The letters were signed and exchanged at New Delhi on March 30, 1954.

Some of the important commodities which will be available for export from India to Poland are iron ore, manganese ore, mica, shellac, myrobalan and its extracts, tea, spices, tobacco, cashewnuts, raw goat and sheep skins, tanned hides and skins, coir and coir products, sports goods, raw cotton, raw coffee, waste wool, handicraft and cottage industry products, and Indian films (exposed).

Among the items available for export from Poland to India are plants for sugar factories, refrigerator plants, plants for cement and concrete factories, fire-fighting engines, metal and wood working machinery, small tools and workshop equipment, flour mill rollers, agricultural machinery, tractors and implements, chemicals, coal tar, dyes, pharmaceuticals, serums, vaccines, laboratory chemicals, essential oils and cosmetics, carbon electrodes, polish films (exposed), handicraft and cottage industry products, surgical instruments, optical instruments, photo cameras and appliances, microscopes, etc.

EFFECT OF RELIEFS IN CENTRAL EXCISE DUTIES

The effect of the reliefs in Central Excise duties announced by the Minister for Finance, Government of India, in the House of the People, is as follows:

With effect from March 23, 1954, rayon or artificial silk fabrics will be liable to a Central Excise duty of one anna per square yard or one anna and six pies per yard, whichever is lower. In addition, a handloom cess of three pies per yard will be recovered. In actual practice, most varieties of rayon or artificial silk fabrics produced by the industry at present are expected to benefit by assessment on the square yard basis, and

since the bulk of the production is in smaller widths, this benefit will be substantial and may be as high as 40 per cent.

Hitherto, footwear produced in non-power-operated factories in which 20 or more workers are working, or were working on any day in the preceding 12 months, was liable to Central Excise duty. With effect from March 23, 1954, footwear produced in any such non-power-operated factory in which less than 50 workers are working, or were working on any day in the preceding 12 months, will be exempt from Central Excise duty.

With effect from April 1, 1954, the first 125 tons of "household and laundry soap" of all varieties and the first 25 tons of "toilet soap", cleared for home consumption from any factory ordinarily using power, will be exempt from Central Excise duties. All varieties of soap produced in any factory not using power will continue to be exempt from Central Excise duties, as hitherto.

TWENTY-FIVE YEARS OF AIR SERVICE

The England-India air service inaugurated by B.O.A.C.'s predecessor, Imperial Airways, has completed its first twenty-five years. Britain in fact was the world's pioneer in operating a regular daily passenger service between London and Paris, which was started a decade earlier than the service to India. Between then and now British external air services have spun a network of 175,000 miles of world-wide aviation routes. What was regarded as a historic achievement in 1929—to fly at a speed of 95 miles per hour—has led to a far more momentous progress of 500 miles an hour today. The story of this eventful period could not be expected to be one of smooth development. A spirit of romance and adventure has characterised the onward march of British aviation in the sphere of civilian life through world-wide routes linking fifty-one countries. B.O.A.C.'s plan for the near future is to link India with two routes across the globe. One will be in the Northern hemisphere and the other in the Southern hemisphere. Two types of services are planned on each route. "Cannon ball" service will be operated by the fastest-moving comets and their subsequent variants. The tourist service, to be operated by aircraft cruising between 300 and 400 miles per hour, will carry one hundred passengers at reasonably cheap cost.

THE BRITISH INDIA CORPORATION

Sir Robert Menzies' speech at the thirty-fourth annual general meeting of the British India Corporation reflects the growth of competitive conditions in the market for the products of the company and its subsidiaries. Although the dividend for 1953 is not being paid at the expense of reserves, it has practically exhausted all the profits of the year. The distribution of the available sum in the last two years has been as follows:

	1953	1952
Raw materials and manufacturing charges	52.8	58.0
Salaries and wages	28.7	24.2
Production and selling expenses ..	9.3	7.6
Depreciation	0.9	0.8
Taxation	3.3	3.7
Dividends	5.0	5.7
TOTAL	100.0	100.0

These figures argue in effect the case for rationalisation which Sir Robert Menzies has referred to in his speech. The present practice of adding to the burdens of industry but of denying relief to it at the same time in those ways which may lead to a reduction in expense is unfair and against the long-term interests of the country.

A New Book
For the Library and the Connoisseur of Art

SKETCHES OF GANDHI

By

FELIKS TOPOLSKI

A unique collection of 24 sketches and two four-coloured paintings of Mahatma Gandhi by the famous Polish artist. Embellished with rare quotations from Gandhiji.

Price Sixteen Rupees **Postage extra**



The Mark of

QUALITY ECONOMY & DURABILITY

Our Specialities

* 'Paramsukh' Dhoties
* 'Lakes Beauty' Mulls
* 'Moti Voil'
* Striped Shirtings
* Drills, Addi Cloth
* Cambrics, Longcloth Sarees
* 'Century, Batsman' Blankets
* Bld., Striped and Dyed Turkish Towels
* Grey Sheetings
* Black Dyed Venetian Cloth
* Umberella Cloth.

MULTI-COLOURED PRINTED CHINTZ & MULLS
In Various Designs.

THE CENTURY SPG. & MFG. CO., LTD.

Head Office:

Queen's Mansion, Prescot Road, Fort, BOMBAY.

Gram: Century Phones: 31904, 30435, 21397

Managing Agents: BIRLA BROTHERS LTD.

COMPANY AFFAIRS

THE UNITED COMMERCIAL BANK LTD.

The audited accounts of the United Commercial Bank Ltd., for the year ended 31st December, 1953, show a sizable increase in deposits. Fixed deposits disclose an increase of more than 43 per cent from Rs. 974.60 lakhs as at the end of 1952, to Rs. 1,395.76 lakhs as at the end of the year under review. Savings Bank Deposits have advanced by nearly 12 per cent and current accounts by about 13 per cent. The overall increase in deposits works out to a little more than 22 per cent from Rs. 3,087.73 lakhs to Rs. 3,772.49 lakhs. These figures clearly point towards the growing popularity of the bank.

Increase in deposits has naturally resulted in increase in investments as well as advances. Investments stand marked up from Rs. 1,481.49 lakhs to Rs. 1,788.38 lakhs and advances from Rs. 1,417.62 lakhs to Rs. 1,978.93 lakhs.

Interest earnings and interest paid by the bank have both gone up and the net interest earnings have improved from Rs. 58.35 lakhs to Rs. 64.08 lakhs.

The profit and loss account shows a slight fall in net profit from Rs. 24.80 lakhs to Rs. 23.01 lakhs which is chiefly due to an appreciable increase in the miscellaneous expenditure and in the bill for salaries and wages. The directors have recommended transfer of Rs. 5.00 lakhs (as against Rs. 7.50 lakhs in 1952) to the reserve fund and have provided Rs. 9.50 lakhs for taxation. Dividend rate remains unchanged at 4 per cent per annum.

(Rupees in lakhs))

Year ended 31st December	1951	1952	1953
(a) Deposits and other accounts			
(i) Fixed Deposits ..	10.69.67	9.74.60	13.95.76
(ii) Savings Bank Deposits ..	3,14.36	2,97.83	3,33.62
(iii) Current Accounts, Contingency accounts etc., ..	15,74.08	18.15.29	20,43.11
TOTAL ..	29,58.10	30,87.73	37,72.49
(b) Investment (at below (market value) ..	12,13.02	14,81.49	17,88.38
(c) Advances ..	17,91.56	14,17.62	19,78.93
(d) Interest Paid on Deposits, borrowings etc. ..	38.12	48.69	63.34
(e) Interest and Discount Earnings	1,05.04	1,07.04	1,27.42
(f). Salaries and Allowances	55.11	61.17	63.87
(g) Profit (before providing for taxation) ..	35.03	24.80	23.01
(h) Transfer to Reserve Fund	7.50	7.50	5.00
(i) Transfer to Investment Account	15.00	..	..
(j) Provision for Taxes ..	8.00	10.00	9.50
(k) Dividend rate per cent per annum ..	4	4	4

THE AHMEDABAD ELECTRICITY COMPANY LTD.

The working results of the Ahmedabad Electricity Co., Ltd. (Managing Agents: Killick Industries Ltd.), for the year ended 31st September, 1953, disclose an increase of 19.48 per cent in the total kilowatt hours of electricity sold as compared with the preceding year. Net earnings from sale of energy have improved by nearly 17 per cent from Rs. 189.19 lakhs to Rs. 220.52 lakhs. Gross profit, therefore, stands enhanced from Rs. 40.01 lakhs to Rs. 41.34 lakhs. The Directors have, however, maintained the dividend at 6½ per cent per annum.

The share capital of the company stands increased from Rs. 524.68 lakhs to Rs. 654.79 lakhs because the issue of the second series of 175,000 ordinary shares of Rs. 100 each at par has been fully called up, the first, second and final calls at Rs. 25 each per share having been made on 1st June, 3rd September and 1st December, 1953, respectively.

The progress of the company during the last three years is outlined in the table below:

Year ended 30th September	1951	1952	1953
(a) Net earnings from sale of energy (Rs. lakhs) ..	1,48.58	1,89.19	2,20.52
(b) Total Kilowatt Hours Sold (lakhs) ..	24,82.68	32,30.82	38,60.23
(c) Gross Profit (Rs. lakhs)	35.58	40.01	41.34
(d) Salaries and wages ..	25.74	22.13	18.84
(e) Dividend rate per cent per annum	6½	6½	6½

THE BANGALORE WOOLLEN, COTTON AND SILK MILLS CO., LTD.

The balance sheet of the Bangalore Woollen, Cotton and Silk Mills Co., Ltd., for the year ended 31st December, 1953, shows that the issued and subscribed capital of the Company at Rs. 46.50 lakhs falls far short of the effective capital employed by the Company. Reserves and surplus, it may be noted, stand as high as Rs. 176.89 lakhs.

It has now been possible for the directors to ascertain with reasonable securacy the total liability of the Company for taxation and the total surplus provision made in the past amounting to Rs. 26.00 lakhs has been transferred to "General Reserve". Also, it has been the policy of the Company for the last many years to adopt a conservative valuation of raw material, process and finished stocks but the directors have now decided to bring the accounts into line with modern accounting practice and show the value of the stock on hand at the lower of cost or market value. The value of the closing stocks has, therefore, been increased by the amount of these reserves and a similar amount has been transferred to "General Reserve". The total transfer this year being Rs. 76.00 lakhs, it is obvious that Rs. 50.00 lakhs have been transferred owing to this new accounting and Rs. 26.00 lakhs, as stated above, because of utilisation of the excess provision for taxation made in the preceding years.

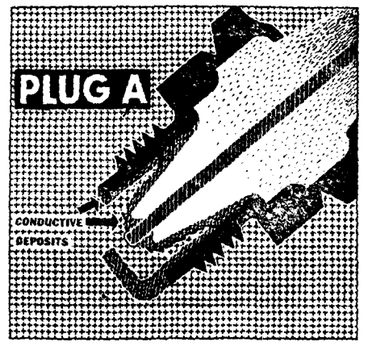
Subject to the approval of the Government of India and the shareholders, the directors have proposed capitalisation of Rs. 81.00 lakhs out of the "General Reserve" by the issue of two ordinary shares for each ordinary share held.

The profit and loss account shows an increase of nearly 86 per cent in net profit over the year 1952. and more than 7 per cent over the year 1951. The dividend rate, therefore, has been recommended at 25 per cent per annum (inclusive of the interim dividend of 10 per cent per annum) as against 18 per cent in 1952 and 20 per cent in 1951. The bill for wages shows an increase of nearly 11 lakhs of rupees as compared with the preceding year which is mainly due to the decision of the Industrial Tribunal granting a higher basic wage with effect from 1950, followed by a further increase in the basic wage and dearness allowance from 1952 arising from a reference of the case to the Labour Appellate Tribunal.

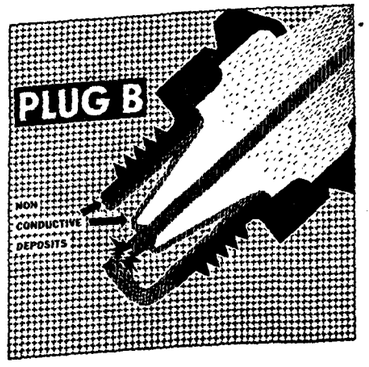
(Rupees in lakhs))

Year ended 31st December	1951	1952	1953
(a) Sales of cloth, yarn and waste	4,31.77	4.50.20	4,32.29
(b) Value of raw material consumed ..	3,03.71	3,05.12	2,64.78
(c) Wages	61.67	61.90	72.61
(d) Provision for depreciation	12.80	12.71	12.92
(e) Net profit (before providing for taxation)	54.03	22.42	41.62
(f) Provision for taxation	15.17	7.00	15.50
(g) Dividend rate per cent per annum ..	20	15	25
(h) Capital ..	46.50	46.50	46.50
(i) Reserves and surplus ..	94.77	96.24	1,76.89

foul play! a tale of two sparking plugs



Here's the secret sin of plug A. The lead deposits on the porcelain are electrically conductive. The electrical charge short-circuits across the porcelain, missing the spark gap where it should belong. This plug will not fire the fuel/air mixture.



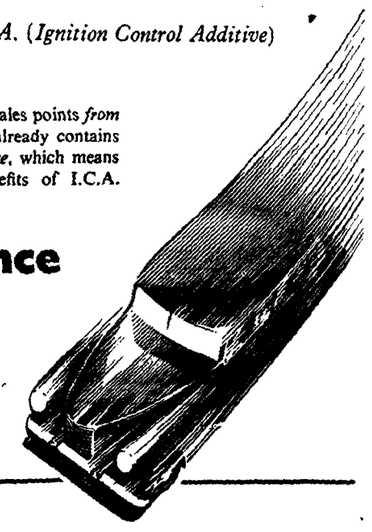
This plug defies its lead deposits—because the additive I.C.A. (incorporating tricresyl phosphate) in Shell and B.O.C. petrol has made those deposits non-conductive. The result: a fat spark where it belongs, at the right time; full power from burning of fuel/air mixture.

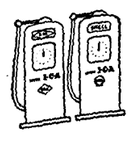
That is I.C.A. (Ignition Control Additive)

Would you believe it?

We heard the other day of a motorist who thought that he had to buy I.C.A. separately and put it in his petrol, in the same way as upper cylinder lubricant can be added. This, of course, *is not* the case. The petrol you buy at Burmah-Shell sales points *from Shell and B.O.C. pumps* already contains I.C.A. It is added *at source*, which means that you get all the benefits of I.C.A. *at no extra cost.*

fill up and feel the difference with I·C·A







COMPANY MEETING

THE BUCKINGHAM & CARNATIC CO. LTD.

Presiding at the Thirty-Third Annual General Meeting of the Shareholders held at the Company's Office, 7, Armenian Street, Madras, on Friday, 26th March, 1954, the Chairman, Mr. R. E. Castell, said:

Gentlemen:

The Report of the Directors and the Accounts for the year ended 31st December, 1953, having been sent to you in due time, I propose with your permission to take them as read but will be glad to answer questions later.

I trust that the Shareholders will regard with satisfaction the trading results of the year now closed which reflect the welcome change from the adverse conditions which prevailed for the greater part of the year 1952.

Fortunately there was no recurrence last year of the drought conditions which had been a distressing feature of several recent years and led to a crisis in Madras City and its surrounds in the early months of 1952. Although, however, good rains during the last South-West and North-East monsoon periods have provided the foundation for an adequate supply of water for some time ahead, we would all feel happier if a project was in clear view for a long-term safeguarding of the City's water supply.

During some periods of statutory price control over yarn and cloth, the price fixed did not always cover the cost of production particularly of that of high quality cloth. In 1952 the price control structure had a severe effect on the working of your own Company and would have resulted in a heavy loss but for the partial removal of price controls from 1-10-1952, and without the help of export sales throughout the year at prices which, in spite of export duties and competition in overseas markets, were better than the prices fixed for domestic consumption.

With the complete removal of price controls, your Company regained in 1953 the privilege and discretion to fix prices in proper relation to manufacturing costs. Care was always exercised, however, to ensure that the Company's selling prices were kept well within the reach of consumers, and generally advantageous purchases of the Mills' requirements of raw materials for the year assisted towards this end.

I now turn to the Profit and Loss Account and trust that the more detailed presentation will be welcomed by Shareholders. The Directors' Report has already drawn attention to the need for the increased charge for depreciation as a result of the additional capital expenditure on buildings and machinery brought into use during the year, and in addition it has been considered prudent to set aside nearly Rs. 9 lakhs from profits to the reserve for Increased Replacement Costs of Buildings and Machinery. I am sure you will agree with the Directors on the importance of building up this reserve in view of our commitments for essential rehabilitation and replacement.

You will note from the Appropriation Account that we have made the necessary transfer to the Debenture Redemption Fund as required by the Trust Deed, and have set aside a sum of Rs. 6 lakhs to General Reserve in order to strengthen the financial position of the Company.

Unfortunately taxation takes a large part of our profits and does not enable us to conserve sufficient finance for possible future expansion. It is to be hoped that the serious effect of taxation on company finances will be relieved to some extent as a result of investigation of the taxation structure in this country by the Taxation Enquiry Commission.

Although we have expended approximately Rs. 81 lakhs on Capital Account, we have been able considerably to reduce the overdraft with our Bankers mainly as a result of the reduction in quantity and cost of stores, raw materials, process and finished stocks. Every possible economy has been effected in the purchase and consumption of stores, and this is reflected both in the Balance Sheet and the Profit and Loss Account. It is my pleasant duty to express the Directors' appreciation of the very close co-operation they have received from the Manager and other Officers of the Mills, who have so greatly assisted in carrying out these economies and in introducing measures to achieve increased efficiency in the various processes of manufacture, including dyeing and finishing.

As some measure of compensation for the disappointing results of 1952, your Directors have considered it reasonable to propose a higher rate of dividend to the Ordinary Shareholders and of bonus to employees. I feel it is my duty, however, to stress that the payments so made for 1953 must be regarded as exceptional, not only because payments both of Ordinary dividend and bonus to employees are the highest in quantum in the history of the Company, but also because their scale will no be easily capable of repetition in future years.

Your Company has a long established export trade and direct contacts with many overseas markets. From 1946 until 1952 this part of our trade was subject to the varying export controls ruling from time to time but now no restrictions apply to the export of cloth except that of Mineral Khaki which has for long been a most important item of your Company's overseas trade. These restrictions were slightly relaxed in 1953 and we hope that as a result of further representations made to Government they will soon be removed altogether. The only remaining export duty on cloth is that of 10 per cent on coarse varieties and I hope that Government will now give consideration to the withdrawal of that duty as it has become apparent that it is a real obstruction to India's export drive.

The recent welcome abolition of the import duty on foreign cotton should help towards achieving India's export target of 1,000 million yards of Mill cloth, but this calls for an increase of nearly 300 million yards over exports in 1953. The newly formed Textile Export Promotion Organization and the start made with a scheme for export quality control should also help to bridge the gap, by stimulating demand and improving the reputation of Indian textiles overseas.

Your own Company will continue to do everything possible to make a useful contribution towards India's export trade.

My colleagues and I have aimed to follow the example of our predecessors in the management of your Mills by taking an active interest in the handloom industry. Ours being composite mills, most of our yarn production is used for our own weaving, but our supplies to the handloom industry both of ordinary and waste yarn have measurably increased since before the last war and we have taken pains to ensure that they are distributed to the best advantage of the handloom weavers. We readily join in the general sympathy for the more ancient industry but we nevertheless consider that in order to ensure its survival, it is unnecessary to hazard the stability of our own industry which has to bear an ever increasing share of responsibility in the economic progress of India, being expected to provide large-scale employment and otherwise to contribute towards the much-desired improvement in the standard of living by providing social security in various forms, housing and other amenities for labour.

Returning to our accounts, you will find in the Profit and Loss Account that the Company's contribu-

tion to the Provident Funds for employees is Rs. 3,80,739 more than for 1952. This is almost wholly the result of the new terms of the Provident Fund for Workpeople, dating from November 1952, operating for the full year, the change in our case being from 7½ per cent on wages to 6¼ per cent on wages and dearness allowance. Government has granted temporary exemption, which it is expected will soon be made permanent, for the Company to administer its own Workpeoples' Provident Fund. The administration of the exempted Fund places an extra burden on the Company and the Trustees which include two representatives each of the Management and the workers but the workpeople themselves wished the Management to seek the exemption, as the Company's proposed Provident Fund rules were generally more beneficial to the workers than the rules of the Government Provident Fund scheme. Moreover, but for the exemption, the cost of Government Inspection charges would have been four times the figure of Rs. 15,328 shown in the accounts for 1953.

The Company's payments to the Employees' State Insurance Fund increased to Rs. 1,26,163 in 1953, but in Madras, as in many other parts of India, no benefits are in force under the State Insurance scheme and the Company continues to operate its own medical services.

It has been mentioned in your Directors' Report that as at 31st December, 1953, the total liabilities of the Workpeoples' and Employees' Provident Funds were Rs. 95,75,102 and Rs. 12,28,411 respectively and that all accounts in connection therewith have been transferred to the Trustees and are not therefore shown in the present accounts of the Company.

The expenditure for the year on Workpeoples' welfare amounted to Rs. 1,53,525. The proposed allocation of Rs. 1,50,000 to the Workpeoples' Housing Reserve will bring the total of this account to Rs. 15 lakhs and your Directors feel that the time has come to give serious consideration to the building of more houses for our workpeople. This matter will therefore be taken up as soon as possible.

In 1952 as a result of negotiation between the Management and Labour a procedure was introduced in the Mills for the internal settlement of industrial disputes. This has resulted in many cases being settled in favour of the workers at one stage or other of the process of hearing. I am confident that the deliberations of the Mill Labour Advisory Organization which carries out this procedure, will continue to foster good relations between Management and Labour.

The co-operation of labour has earned for them a reward in the shape of a record bonus for 1953, but it should be noted that the working results of the Company depend not only on the all-in cost and co-operation of our labour but also on the effects of taxation and of changes in the cost of raw materials, stores, fuel and power, and in the state of the market for the Company's products, both internally and overseas. To ensure that the prosperity of the Company is altered with the minimum adverse effect by any of these factors, we shall continue our efforts to improve the efficiency of the Mills in all manufacturing processes but we earnestly hope that labour will not, by impatient demands for increased remuneration, endanger the Company's ability to make profits adequate to give a reasonable return to Shareholders as well as a reward to labour, after bearing heavy taxation.

Good progress has been made with the work of reconstruction and rehabilitation. Nearly 300 looms are already working in the new Weaving Shed including a number of new automatic looms which are giving very satisfactory efficiency and increased wages to those workers who have volunteered to join in the Company's scheme for rationalisation in weaving. Within the course of this year it is expected that this new building will be complete in all respects, making a considerable contribution towards the improved efficiency of the Mills.

Busy men all over the world have come to rely for guidance on weekly journals; they find the kaleidoscopic changes in national and international affairs too rapid and too deep for daily newspapers. Those of discriminating taste choose periodicals which deal with the countries and subjects in which they are interested.

THOUGHT

has earned distinction among Indian journals for its foresight and sober judgment in the nation's political, social and cultural affairs. It has built up a pool of original writers and critics who comment on events with a rare insight and balanced judgment.

THOUGHT's opinion on national and international affairs always claims the ear of responsible persons and organs of public opinion.

Subscription rates:

	ANNUAL	SIX-MONTHLY
Inland	**Rs. 12-0-0**	**Rs. 6-8-0**
Foreign: For ordinary sea mail edition	**$1.10**	**17/-**
	$5.00	**$3.00**
For Air Edition:		
EUROPE	**£3.17**	**£2.00**
AMERICA	**$12.00**	**$6.50**
ASIA	**£3.10**	**£1.17**

THOUGHT
35, Faiz Bazar,
DELHI-7
India

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360 9*	369.5	619.8	397.4	90.6	100.4	86.8	94.0
June „ c ..	398.9	481.0	363 4*	370.1	674.5	405.4	90.5	100.6	87 2	94.4
July „ c ..	406.4	480.5	365 4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August „ c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September „ c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October „ c ..	385.6	448 0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November „ c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December „ c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February „ c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
Week Ending										
13-2-1954 ..	375.7	476.0	361.2	367.6	696.1	396.6	90.3	101.6	88.0	101.2
20-2-1954 ..	370.8	474.2	359.8	370.1	695.8	395.2	90 3	101.5	88.1	102.2
27-2-1954 ..	370.3	460.1	357.2	369.6	685.0	392.0	90.4	101.5	88.1	103.6
6-3-1954 ..	367.3*	459.9	355.7	371.3*	685.2	391.3	90.4	101.5	88.0	103.3
13-3-1954 ..	368.9	468.7	354.7	371.5	686.1	393.0	90.4	101.5	87.8	102.3
20-3-1954 ..	..	..	..	..	..	..	90.4	101.4	88.0	102.3

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

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†
							Nagpur	Jubbulpore†	Madras June 1936= 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	387	..	351	147	156	..
1953 February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	—	350	149	155	—
1954 January	346	363	269	139	—	442	—	—	353	—	—	—
February	—	—	—	139	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	27-3-1954			20-3-1954			13-3-1954			6-3-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	89-10	87-14	88-15	89- 6	88-15	89-3	89- 6	88- 4	88-11	89- 8	87-14	88-11
Silver (per100 fine tolas)	168- 9	165-13	167- 1	166-11	163-13	164-15	164-15	162-12	163-11	164-13	163- 1	163-13

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92·53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75·43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	1,217,62
1951-52*	1,189,84	27,78	1,217,62	40,02	625,27	665,29	54 64	63,98	488,36	1,180,40
1952-53*	1,114,84	27,87	1,142,72	40,02	564,40	604,40	52.89	80,22	458,08	1,217,62
Average of Fridays										1,142,72
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1.116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
Week Ending										
5-2-1954	1,173,82	9,43	1,183,25	40,02	628,15	668,17	56.47	93,71	421,38	1,183,25
12-2-1954	1,179,56	13,38	1,192,94	40,02	638,15	678,17	56.85	93,43	421,34	1,192,94
19-2-1954	1,173,90	19,49	1,193,39	40,02	638,15	678,17	56.83	93,88	421,34	1,193,39
26-2-1954	1,171,43	22,28	1,193,70	40,02	638,15	678,17	56.81	94,19	421,34	1,193,70
5-3-1954	1,190,57	12,00	1,202,57	40,02	648,15	688,17	57.22	93,06	421,34	1,202,57
12-3-1954	1,194,00	8,27	1,202,27	40,02	648,15	688,17	57.24	92,76	421,34	1,202,27
19-3-1954	1,190,11	12,40	1,202,51	40,02	648,15	688,17	57.23	93,00	421,34	1,202,51

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	485
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	414
	(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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22.49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
Week Ending														
5-2-1954	93,28	19,51	38,08	59,01	209.88	20,03	239,90	9,58	13,15	108,14	55	28,35	71,72	8,43
12-2-1954	91,54	17,00	40,31	62,62	211,47	22,09	243,56	13,57	14,07	101,43	1,02	33,79	71,21	8,47
19-2-1954	87,24	21,79	41,01	62,29	212,33	24,39	246,72	19,73	13,13	103,99	30	30,61	70,76	8,21
26-2-1954	86,06	28,66	41,17	63,87	219,75	23,46	253,22	22,58	10,70	106,82	1,11	32,02	71,48	8,51
5-3-1954	94,75	21,67	39,26	42,62	198,30	24,27	232,57	12,18	9,43	94,81	1,47	34,79	71,30	8,58
12-3-1954	99,06	21,51	41,21	42,79	204,57	23,57	238,13	8,49	10,94	97,92	2,01	39,19	70,96	8,62
19-3-1954	64,02	62,56	38,89	42,78	208,24	26,74	244,98	12,65	10,74	101,88	48	44,24	66,36	8,63

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

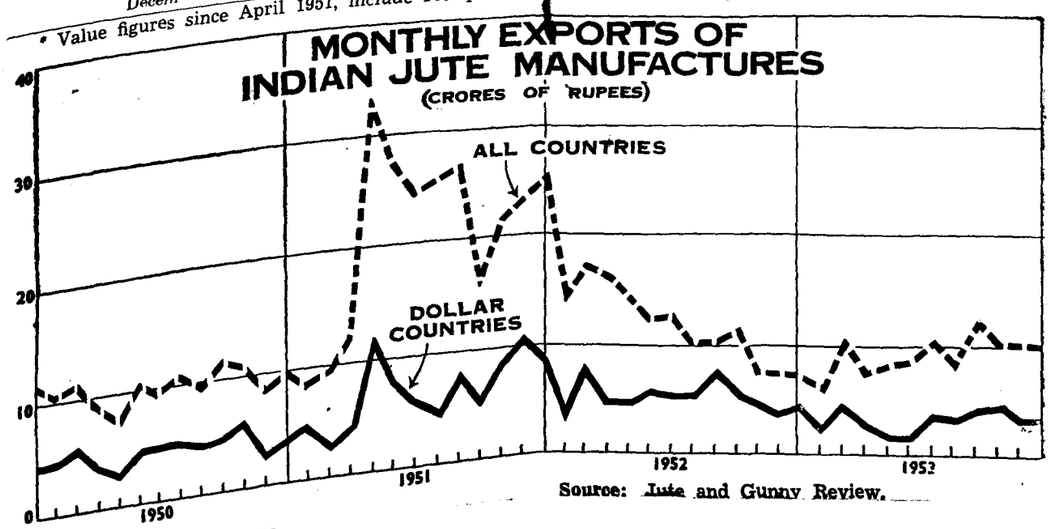
MONTHLY EXPORTS OF JUTE MANUFACTURES

Monthly Average or Calendar Months

(Quantity–thousand Tons; Value–Lakhs of Rupees)

Period		Dollar Countries		Other Countries		All Countries	
		Quantity	Value	Quantity	Value	Quantity	Value
1948	..	29·7	4,90	50·1	7,73	79·8	12,63
1949	..	22·1	3,70	44·6	6,77	66·7	10,53
1950	..	23·6	4,34	32·9	5,60	56 5	9,94
1951	..	29·9	6,51	43·5	13,44	64·4	19,95
1952	..	25·0	5,60	36·3	7,95	61·3	13,56
1953	..	21·2	3,36	41·6	5,86	62·8	9,22
	..	25·0	4,77	27 7	4,52	52·7	9,29
	July ..	25·7	4,77	34·9	5,85	60·6	10,62
1950	August ..	26·7	4,48	30·0	5,05	56·7	9,53
	September ..	26·7	4,70	38·6	6,81	65·3	11,51
	October ..	30·4	5,76	29·9	5,15	60·3	10,91
	November ..	17·7	2,76	31·3	5,45	49·0	8,21
	December ..	20·2	3,55	37·3	6,23	57·5	9,78
	January ..	25·4	4,65	21·5	3,78	46·9	8,43
	February ..	15·8	2,97	37·6	6,35	53·4	[illegible]
	March ..	16·9	4,16*	33·8	7,09*	50·7	12,05*
	April ..	28·1	11,99	60·4	21,25	88·5	33,24
	May ..	19·1	7,46	55·4	20,22	74·5	27,28
	June ..	13·9	5,98	50·6	18,66	64·5	24,64
	July ..	15·0	4,66	59·1	21,03	74·1	25,69
	August ..	20·4	7,86	54·3	18,50	74·7	26,36
	September ..	16·6	5,28	34·1	11,55	50·7	16,83
	October ..	24·4	8,73	39·7	13,10	64·1	21,83
	November ..	32·4	10,86	38·1	12,17	70·5	23,03
	December ..	25·2	8,88	53·2	16,46	78·4	25,34
	January ..	12·0	3,90	37·7	10,93	49·9	14,89
1952	February ..	28·3	7,55	34·1	9,67	61·7	17,27
	March ..	17·6	4,81	48·3	11,43	65·9	16,24
	April ..	21·3	4,83	48·5	10,16	69·8	14,99
	May ..	26 9	5,87	36·8	6,98	63·7	12,85
	June ..	28·3	5,31	43·5	7,68	71·8	12,99
	July ..	28·6	5,31	33·2	5,04	61·8	10,35
	August ..	37·0	7,15	23·5	3,41	60·5	10,56
	September ..	28·4	5,21	34·7	6,66	63·1	11,87
	October ..	23·4	4,37	20·1	3,44	43·5	7,81
	November ..	23·4	3,98	21·5	3,55	44·9	7,53
	December ..	26·3	4,21	19·9	3,09	46·2	7,30
	January ..	13·6	2,32	25·1	3,83	38·7	6,15
1953	February ..	29·8	4,56	44·9	5,95	74·7	10,51
	March ..	18·3	2,96	34·5	4,66	52·8	7,62
	April ..	12·4	1,97	45·9	6,19	58·3	8,16
	May ..	11·6	1,82	48·8	7,05	60·4	8,87
	June ..	14·1	3,75	53·5	6,48	67·6	10,23
	July ..	25·8	3,08	34·9	5,47	60·7	8,55
	August ..	27·4	4,22	58·4	8,16	85·8	12,38
	September ..	32·2	4,59	43·3	5,89	75·5	10,48
	October ..	21·1	3,30	44·4	6,95	65·5	10,25
	November ..	21·9	3,52	45·6	6,55	67·5	10,07
	December ..						

* Value figures since April 1951, include receipts from export duties on jute manufactures.



Source: Jute and Gunny Review.

JUTE STATISTICS

JUTE CROP FORECASTS
(Governments of India & East Bengal)

	Prelim. Area (000 acres)	Final Forecast Area (000 acres)	Crop (000 bales)	Bales per acre
1951–52 Total ..	36,89	37,30	110,09	2·95
East Bengal ..	18,69	17,79	63,31	3·56
West Bengal* ..	7,52	9,01	23.92	2·65
Rest of India ..	10,68	10,50	22,86	2·18
1952–53 Total ..	35,16	37,24	114,28	3·07
East Bengal ..	17,59	19,07	68,23	3·58
West Bengal* ..	7,52	8,44§	24,21§	2·87
Rest of India ..	10,05	9,73§	21,84§	2·24
1953–54 Total ..	20,58	19,56	56,31	2.88
East Bengal ..	7,89	7,60	25,03	3.29
West Bengal*	5,84	5,50	15,36	2·79
Rest of India ..	6,85	6,46	15,92	2·46

*Including Cooch Behar and Tripura. §Revised

JUTE CROP FORECASTS

Annual Average or season	Area (000 acres)	Yield (000 bales)	Yield per acre
1934–35—1938-39	2,758	8,185	2·97
1938–39	3,165	6,844	2·17
1939–40	3,161	9,750	3·09
1940–41	5,669	13,186	2·33
1941–42	2,160	5,476	2·53
1942–43	3,333	9,062	2·71
1943–44	2,639	7,004	2·65
1944–45	2,104	6,203	2·95
1945–46	2,422	7,991	3·22
1946–47	1,911	5,648	2·85
1947–48	2,710	8,539	3·15
1948–49	2,710	7,534	2·78
1949–50	2,724	6,422	2·36
1950–51	2,704	7,753	2·87
1951–52	3,730	11,009	2·95
1952–53	3,241	11,428	3·07

SUPPLY A[illegible]RIBUTION OF JUTE
1952-53 & 1953-54

Supply	1952–53 (lakh bales)	1953–54 (lakh bales)
STOCKS—		
I.J.M.A. mills opening stock:		
(a) Calcutta ..	8·64	11·20
(b) Outside Calcutta ..	0·94	2·42
Opening stock of mills outside I.J.M.A. ..	1·50(E)	2·13(E)
Balers stocks (Calcutta) ..	0·50	0.43
Other stocks (Districts) ..	Nil(E)	Nil(E)
	11·58	16·18
Indian Union Crop (Govt. forecast)	46·05	31·28
Received/Expected from Pakistan:		
(a) by Mills		
(b) by balers & other sources ..	13·25	18·00(E)
Total Supply ..	70·88	65·46
DISTRIBUTION		
Mill Consumption—		
(1) I. J. M. A. Mills ..	52.53	50·24(E)
(2) Outside Mills	2.06	1·97(E)
	54·59	52·21
Domestic Consumption ..	1.00(E)	1·00(E)
Exports ..	Nil	Nil
Total Distribution ..	55·59	53·21
Carry over at end of Season ..	15·29	12.25

(E)=Estimated.
Committee.

WEEKLY PRICES OF JUTE AND GUNNIES

DATE	Naraingung	Calcutta				GUNNIES	
		JUTE					
	Jute: Mill	Assam		Pak. Jat.		Hessian 40"10 oz. (Ready)	Sackings B. Twill (Ready)
	Middle / Bottom	Middle	Bottom	Middle	Bottom		
	Rs. per md.	Rs. per md.		Rs. per md.		Rs. per 100 yds.	Rs. per 100 bags
1953-54	Rs. A. / Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
5th October ..	18 8 / 15 0	25 8	22 8	29 8	25 8	43 14	92 14
12th ,, ..	18 8 / 15 8	26 0	23 0	30 8	26 8	43 14	93 10
19th ,, ..	19 0 / 15 8	27 8	24 8	31 0	27 0	45 3	95 4
26th ,, ..	21 0 / 16 0	28 0	25 0	31 8	27 8	45 0	95 8
2nd November ..	23 0 / 18 0	29 8	26 8	32 8	28 8	46 2	99 0
9th ,, ..	23 0 / 20 0	30 0	27 0	34 0	30 0	47 14	100 8
16th ,, ..	25 0 / 20 0	31 8	28 8	36 0	32 0	49 6	104 14
23rd ,, ..	24 0 / 21 0	30 8	27 8	35 0	31 0	47 8	101 8
30th ,, ..	24 0 / 21 0	31 8	28 8	35 0	31 0	47 13	104 8
7th December ..	24 0 / 21 0	30 8	27 8	34 0	30 0	47 3	103 4
14th ,, ..	24 0 / 21 0	30 8	27 8	34 0	30 0	45 12	102 8
21st ,, ..	24 0 / 21 0	31 8	28 8	34 0	30 0	47 1	105 12
28th ,, ..	24 0 / 21 0	31 8	28 8	34 8	30 8	46 14	107 4
4th January ..	24 0 / 21 0	31 8	28 8	34 8	30 8	46 5	107 4
11th ,, ..	24 0 / 21 0	30 8	27 8	34 0	30 0	44 7	103 4
18th ,, ..	24 0 / 21 0	31 0	28 0	34 0	30 0	45 12	105 8
25th ,, ..	24 0 / 21 0	31 0	28 0	34 0	30 0	46 5	103 8
1st February ..	.. / ..	31 0	28 0	34 0	30 0	45 7	102 14
9th ,, ..	.. / ..	30 8	27 8	33 8	29 8	45 9	102 8
15th ,, ..	23 0 / 20 0	30 8	27 8	33 0	29 0	46 6	104 8
22th ,, ..	23 0 / 20 0	29 12	26 12	33 0	29 0	46 3	107 2
Highest, 1952–53 ..	23 0 / 20 0	32 0	29 0	42 0	38 0	54 10	120 8
Lowest, 1952–53 ..	12 8 / 10 0	20 8	17 8	33 0	29 0	38 8	86 12

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52,Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

SECRETARIAT 14 APR 1954 MADRAS GOVERNMENT

AIR FREIGHT EDITION

THE

Eastern Economist

VOL. XXIII. NO. 15. NEW DELHI: APRIL 9, 1954. ONE RUPEE

CONTENTS

Page

LEADING ARTICLES:
THE HYDROGEN BOMB 585
THE DAMODAR VALLEY CORPORATION 587
WORLD FIBRE OUTPUT 588
THE WEEK'S NOTES 589
Report on Recruitment; The Special Marriage Bill; Principles and Production; Language Policy Re-stated; Report on Tax Evasion; A Centre for Chartered Accountants.
WORLDGRAM AND NEWS IN BRIEF .. 593
WINDOW ON THE WORLD
Odysseus on "How to Live with Your Unconscious" 597
BOOK REVIEWS 599
DELHI DIARY 601

Page

SPECIAL ARTICLES:
REAL OUTPUT IN INDIA, 1948-51 .. 602
BRITAIN: THE BUDGET AND THE SURVEY 603
THE BUSINESS WORLD:
Coal in 1953 605
Lapse About Lapses 605
Premium Rates in Indian Insurance .. 607
BUSINESS NOTES 608
Bull Market in Gold; New Leaf for Tea; The Future of Pepper Exports; West Bengal's Economy; Railway Collieries; Oriental's Mutualisation; India's Tariff Negotiations; Larsen and Toubro's New Issue; Britain's Gold and Dollar Reserves in March; Cloth Export Prospect; The Indian Overseas Bank.
COMPANY AFFAIRS 613
COMMODITY NEWS AND NOTES 614
CURRENT STATISTICS 615

The Hydrogen Bomb

THE two nuclear hydrogen tests conducted in the Pacific in the last month have set up a chain reaction quite different from that which all scientists have in mind. From one country to another there has moved a wave of emotion, demanding that these tests should cease forthwith because of the danger that the bomb will outstrip its makers and thereby demolish mankind. In Asia, the Indian Prime Minister led this demand in the course of his inaugural address to the Indian Institute of Public Administration on March 29. Since then concern in the Indian Union has grown, and there is no doubt that here, as so often, the Prime Minister was only anticipating the mind of the people whom he knows so well. Unhappily merely to reflect accurately that opinion provides us with no defence, nor does it provide the world with a solution. At the present time panic continues to grow. It is necessary, while describing accurately the dangers involved, that the issues raised by the hydrogen bomb should be seen in perspective.

The reaction in India to the hydrogen bomb tests in the Pacific has not been fundamentally different from those of other people in other countries. In Japan, perhaps, where the panic caused by the secondary effects of the tests has for the moment excluded all other considerations, the mood is different and almost hysterical. But elsewhere, it has not been so, merely because of the terrible destructive potential of the hydrogen bomb. Since atom bombs were dropped on Hiroshima and Nagasaki eight years ago, humanity has learnt to accept such improvements in the destructive capacity of atomic weapons as a matter of course. The series of atomic tests in the United States and the British experiments in Australia did not create pressure on the present scale for a pause in the progress made in nuclear weapons. The mood here in India today, as elsewhere, is, therefore, not of panic but one of profound stirring of the human conscience, in which the question that has risen uppermost is whether the great nations will find the solution to their differences in the perpetual quest for superiority in their weapons or concurrently seek those methods by which they can avoid putting their own destructive products out of commission.

Given the international situation in which two Great Powers have come to distrust each other, it would never be possible to ensure that there will at any stage be a full stop to the perfection of destructive weapons. The Russian atomic test of 1949, which challenged American supremacy in this respect, provided the direct provocation to intensified efforts by the U.S. Atomic Energy Commission to make the hydrogen bomb. But there have been simultaneous efforts in the Soviet Union in the same direction. While the first American hydrogen bomb test at Eniwetok was held in November 1952, the Russians had also progressed sufficiently to be able to test their first weapon somewhat later in August 1953. It would hardly be logical that the pressure should, in this situation, be sought to be exercised on only one of the two sides, when there is no assurance that it will similarly restrain the other, at the existing or any other level of mastery of these weapons.

However grim the prospect of hydrogen war-fare may be, it would be logical to argue that so long as the two major Powers believe that they are maintaining their respective strength in these weapons, the chances of peace, and not of war, are increased. Sir Winston Churchill has resolutely accepted this view and his confidence has been enhanced by the fact that the lead in this strength is presently held by the side which can be trusted by the rest of the world neither to take the initiative in aggression nor work in secrecy. Even otherwise, there is sufficient warrant for the confidence that so long as the prospect of retaliation is grave enough, no one side would lightly initiate an attack with such a weapon. Poison gas long ago provided the aggressor with a weapon which he could employ if he were disposed to senseless destruction but so far it has not been resorted to, despite the waging of total war. There is no reason to believe that at this stage, it could be otherwise with the H-bomb.

Even if this is conceded, three other considerations could be urged. The first is the need for a greater degree of caution in the experiments which are to continue this month in the Pacific. Though the explosion on March 1 apparently produced certain unexpected results, it cannot be assumed that there was no actual control on the consequences. In other words, there is no evidence to say that the H-bomb is a Frankenstein monster whom its creators cannot control. Serious misgivings have, however, been raised about the cumulative biological effects of a series of tests in the Pacific. The effects on Japanese fishermen and their catch lend strong support to these suspicions but the circumstance that the Marshall Islands are nearer the United States than most other areas must provide the assurance that the United States Government is not experimenting at great risk to other nations without exposing herself to danger. Perhaps it is only through sharing with her allies in the free world of the knowledge about the biological experiments in the areas likely to be affected, will the United States be in a position to provide complete assurance.

On the second major consideration,—namely the limit to the expansion of the size of the H-bomb—assurance has already come forth from President Eisenhower. There was some justification for urging that the weapons have been expanded to a point at which further increase in their individual destructive effect can cease to have meaning. It means that the 'optimum' in this respect should not be decided by what the other side happens to possess but the unaltering size of countries and peoples. The hydrogen bomb now has the capacity of a million tons of dynamite but would it fundamentally alter the military balance of opposing parties if one side has to use two or three such bombs to achieve the same effect? Would not larger bombs, more deadly in their effect, make it difficult in any case to secure the precision in the results which is sought in war?

And finally, since it is clearer than ever to mankind that war could only annihilate and settle no issues, the Great Powers should seek through other means—to invert the phrase of Clause witz—the objects which they would have sought through war. This presupposes no positive belief in pacifism as such; it is mainly a counsel of expediency. It is not all the same a counsel of surrender of principle for the sake of expediency. With the hydrogen bomb in its grasp, mankind is certainly nearer the brink of a precipice and must balance itself more firmly. It is indeed not a time for high emotions on international differences which may upset the balance.

There is no one who can look upon the prospect of destruction which the hydrogen bomb makes possible without a feeling of intense despair on the future of mankind. The new crisis is, however, not one related to the activities of scientists. It is essentially one related to the spiritual capacity of the human race. The real doubt is not whether scientists can control their operations; it seems they definitely can. It is whether men, whether in the free world or behind the Curtain, have the firm will at all times to prevent themselves from using weapons which the scientists have developed for them. The challenge is as much to nations without the bomb as to those that have it. We cannot place ourselves on a higher pedestal merely because we are at present free from temptation. And we must not place ourselves outside the capacity to persuade those that have this terrible weapon that it should never be used. We cannot do this by arguing with them with unreason, any more than we can do it by a mere humanitarian appeal. For the first time whether we believe in alignment or non-alignment, we are all aligned. The hydrogen bomb has made us all partners in at least one sense; we will die or live together according as to whether an atomic war is or is not permitted. It is time we in India thought of the best means by which we could influence this decision in a constructive way.

The Damodar Valley Corporation

It has been announced that on April 12, Mr. P. S. Rau will assume the office of Chairman of the Damodar Valley Corporation. There will thus end a period of over ten months in which one of the largest undertakings ever to be attempted in the country has been without a permanent Chief, who could plan and implement with full authority. This has been a serious blot on the record of the Ministry of Irrigation and Power. It was appropriate, however, that not too much was made of this point in the demand for grants for this Ministry which were voted by the House of the People this week. There is enough in new problems to engage all our attention; now that the error has been corrected, there is no point in harping unduly on an old failing. It has unhappily not been possible to escape its consequences. No one who knows the working of the Damodar Valley Corporation intimately will contest the point that the failure to appoint an able Chairman has been reflected in uncertainty and demoralization in the field. Many important decisions which should have been taken months ago have not yet been reached, and there is evidence that New Delhi bears equally with the Corporation the responsibility for deferring the date of completion of the first phase of the programme to 1958-59, which is more than two years behind the date previously scheduled.

When Mr. Nanda spoke convincingly of the improvement in the implementation of the multi-purpose projects, he could not have been aware of the full facts in this matter. This is, indeed, no matter for surprise. Enquiries in New Delhi show that the Secretariat of the Ministry of Irrigation and Power even a month ago was not aware of the drastic changes in the schedules of the Maithon and Panchet Hill dams which have now been proposed. The whole process of reporting from Anderson House, Calcutta, to the Secretariat in New Delhi is gravely defective; today unofficial agencies are better acquainted with the true state of the major works than are officials of the Ministry; unless it be that officials of the Ministry assume an air of injured surprise to conceal the plain truth that the schedule on Maithon and Panchet Hill is hopelessly out of gear.

There is, however, available in bold print evidence enough to show how greatly implementation has failed. On page 127 of the Budget Estimates of the Corporation for 1953-54 it is stated: "The Maithon dam is scheduled to be completed by the end of 1954-55". On page 17 the programme of work for 1953-54 for this dam includes "(a) Concrete dam—50 per cent of work to be completed". In order to accomplish these targets, concreting should have started immediately after the 1953 monsoon. In actual fact, it has not yet commenced and may not, it seems, begin till the end of this month or the beginning of May. A full working season has thus been lost on Maithon. And no one here at least can complain of a shortage of finance. The provision for concreting at Maithon was fully supported by financial sanctions nearly a year ago.

Again, consider Panchet Hill. On page 128 of the Budget Estimates for 1953-54 occurs the sentence: "The Panchet Hill dam is not likely to be completed before the end of 1955-56". This was optimistic enough seeing that much of the heavy equipment at Maithon had to be moved to Panchet Hill for completion of the project. But in addition to the delays now consequent on the delays in Maithon, preliminary work at Panchet Hill which was independent of Maithon is also seriously behind schedule. The barrage and irrigation project was expected to be completed along with the Panchet Hill dam; but now they will, it appears, not be completed before the end of 1958.

Even the Konar dam (on which indecent haste at high rates was supposed to have been displayed) is lagging behind schedule. On page 16 of the 1954-55 Budget of the Corporation, the work in the year 1953-54 on Konar is described as follows: (1) completion of earth fill, (2) completion of rock fill, (3) completion of filter blanket, (4) continued downstream protection work and (5) continued submergence clearance, while the items for the concrete dam are (1) completion of main gravity work, (2) completion of retaining wall, (3) completion of excavation and concreting of stilling basin and (4) starting of grouting operation. On the same page there is a promise to complete the installation of penstock and gates. It now appears that neither the earth dam nor the concrete dam will be ready before the monsoon and the gates may not be erected even by then.

It is sincerely to be hoped that the Deputy Chairman of the Planning Commission who is, it is reported, to consider the causes of failure to spend sums allotted will examine deeply this serious set-back in three major projects in the Damodar Valley Corporation. As far as can be ascertained at present, in not one of these is the Ministry of Finance in New Delhi directly involved. The responsibility would appear to lie fairly and squarely on the Ministry of Irrigation and Power. An explanation is surely due to Parliament and to the country. What these facts imply is that the schedule on the Damodar Valley Corporation in the Five-Year Plan will never be attained, and the shortfall is tremendous.

Equally detailed studies of other multi-purpose projects will need to be made. It is already clear that the Ministry of Irrigation and Power has withheld from Parliament in its report some vital information and, in any case, no Ministry can be trusted to be judge and jury in its own case. Just as it is vital that there should be an objective assessment of the operation of financial controls, there must be an objective assessment of the non-financial factors, which have operated to delay major public undertakings. The main failing in both cases will almost certainly be found in the hesitation to take quick decisions both in the upper reaches of the works units and at Secretariat level in New Delhi. Procedure has certainly to be changed; but personnel management is at the core of this problem.

These defects must not blind the country to the necessity of these undertakings. Their conception has been spacious and their fruit in time will be sufficient, if not abundant. We must not lose proportion. Many mistakes are being made, but it would be hopelessly unreal to expect projects of this magnitude to go through without many errors. So long as honesty of purpose and a willingness to admit and correct errors promptly exists, the Ministry of Irrigation and Power should receive the full support of Parliament and the country.

World Fibre Output

WORLD trends in industrial fibres during 1952-53 reveal varying levels of fluctuations in the specific spheres of production, consumption and international trade. This is in conformity with their normal behaviour. Production attained a new high in 1952, but it need not be taken to imply anything like a corresponding increase in consumption, which, on the other hand, showed a decline that could be corrected at the end of 1952. Relative stability in the fibre market could be restored only in the following year.

The pattern of fibre production could never be expected to remain fixed and static. It has to respond to the conscious and planned direction of output according to varying shifts in State policy, assuming the natural factors influencing its course remain unchanged. India as a producer as well as large-scale consumer of two basic fibres has a vital and direct interest in the changes in this pattern. For the past few years a conspicuous change is noticeable in the production of cotton. Mexico, Turkey and Syria have risen as larger producers, but apparently Brazil has ceased to be as important now as before. The Commonwealth countries had in 1952 a combined output of cotton which is a distinct improvement upon the previous five years' record. The partition of the Indian subcontinent, however, has produced detrimental repercussions on the overall Commonwealth share in output, but these are now being repaired. In wool production, the strategic importance which the Commonwealth has acquired is clearly attributable to the key position of Australia. The Commonwealth Economic Committee's critical survey of Industrial Fibres brings a clear analysis of the trends to bear upon an exhaustive discussion of this subject. The decline in the post-war period in American output was reversed in 1952-53, but Argentina hardly appears worried over the shortfall in her cotton production.

India and Pakistan are not now in a position to derive a secure feeling of monopoly in jute production—about 98 per cent of the global output—in view of the penetrating potential of substitutes, whose impact on consumption works its effect on jute output steadily if slowly. In the realm of natural fibres, a few more changes in the general production pattern deserve notice. Expansion of production of hemp was outstanding in British East Africa and Indonesia, while a decline was recorded in Mexico. But the net result discloses a vital phase. The rapid increase in hemp production which achieved new peaks in the post-war period came to a halt in 1952. Manila in the Philippines and sisal are consolidating their gains made since the termination of the war, but expansion is hardly able to keep consistent peace. Silk and flex have not pushed their claims higher, but their recent levels of output seem to have come to stay.

The total production of industrial fibres of all varieties in 1952-53 went up by a small margin of 1 per cent relatively to the previous year and reached the estimated level of 32,900 million lbs. The fall of 1 per cent during the period in the output of apparel fibres was offset by an increase of 4 per cent in the production of other fibres. The combined output clearly establishes the preponderance of apparel fibres in world consumption. Cotton production suffered a small set-back in 1952-53 as compared to 1951-52, output at 17,386 million lbs. being short by a little over 100 million lbs. Price decline had a direct influence on the acreage, but larger crops in the United States, Pakistan and Egypt reduced the total shortfall. The crop of the current season promises to be higher than the season that has passed. Apparel wool registered a sharp increase of 8 per cent to a little over 2,000 million lbs. Australia's overwhelming share goes without question, but New Zealand and South Africa also witnessed increases in substantial quantities.

Jute production attained a new peak in 1952-53 at 4,695 million lbs. over a period of twelve years and in relation to the previous season the increase amounted to 5 per cent. Production of both the virtual monopoly producers is expected to decline by large margins in 1953-54, but it will be dogmatic to assert that the fall in Pakistan will be as high as 63 per cent. Among the other major fibres entering into household sacking and cordage, flex output was up by 6 per cent and carpet wool advanced marginally to 456 million. lbs. Sisal maintained a static position, but hemp in this group receded to lower levels showing a fall of 3 per cent.

The free world output leaves a share of over 20 per cent to the U.S.S.R., Eastern Europe and China. Provisional estimates for these countries are based essentially on targets set in the periodical plans and their achievement. The official assessment in percentage terms lends an element of positive vagueness to them. China's appreciable fall in cotton production brought a reduction in the quantities of apparel fibres, but the increase in non-apparel fibres more than counterbalanced this decline. Broadly categorised, the Communist countries' share in apparel fibres in 1952-53 was a little in excess of 21 per cent, in household fibres (flex and carpet wool) over 31 per cent, but the position in respect of total industrial fibres brings the share to a little in excess of one-fifth. If the Soviet ambition to step up the production of cotton and flex by 40 per cent in 1954-55 above the current level of output is based on realistic assumptions, it discloses the dominating position of the U.S.S.R. in the fibre production of the Communist group of countries.

A significant factor in the world fibre situation, which is bound to produce a profound influence on natural apparel fibres, deserves more than usual attention. It is the emergence of synthetic fibres which are making progressive inroads into the demand for cotton to dislodge it from its traditional position. Rayon is easily the most important among them and offers potential competition. The decline of 14 per cent in 1952 in the production of rayon and of 8 per cent, in rayon staple fibre represented a temporary phase created by the pattern of consumption. Rayon output has the flexible merit of adjustment to demand due to the feasibility of manipulation of manufacture of which contraction in 1952 is the latest instance. But the decline cannot by any means be regarded as having come to stay. Total output in the ten leading producing countries in the first three quarters of 1953 showed a positive expansion of 22 per cent in relation to the corresponding period of 1952. Rayon yarn and rayon staple fibre have, in recent years, pushed up output, in each case, in the neighbourhood of a little below 12 per cent of the production of cotton. The rise of Japan (which remained unaffected by the recession of 1952), Italy and West Germany in the sphere of rayon manufacture has made a vital difference to the output potential of synthetic fibres.

A new group of synthetic fibres is making progress. Plants for their manufacture are being installed on an enlarging scale. Nylon holds the dominating position in this group accounting for two-thirds of its combined output. Nylon production of 320 million lbs. in 1952 must be taken as an index of future expansion and recent price reductions in the premier producer, the United States, demonstrate the possibility of effective competition with the traditional fibres.

THE WEEK'S NOTES

REPORT ON RECRUITMENT

Though Article 323(1) of the Constitution states that "it shall be the duty of the Union Commission to 'present annually' to the President" a report of its work, the Union Public Service Commission has now presented two reports together—making the coverage of the report, not its presentation, annual. The leisurely manner of presentation of the report for 1951-52 in January 1954 is perhaps typical of the commission's procedure even in other matters like recruitment. The commission has complained of a serious shortage of staff in spite of growing activities—which may well tempt a wag to suggest that the commission solve its staff problems first before it attempts to tackle those of the other departments. There is indeed a confession that for 61 posts in 1951-52 and 40 posts in 1952-53, the commission was unable to find suitable candidates leading the commissioners to the conclusion that ready-made personnel with experience was not always available. The commission has been anxious to rebut the charge that it was due to defective methods of recruitment. Lack of trained men in India may only be part of the reason. There are presumably some cases in which the commission's advertisement draws a blank. While many suitable men in private services may not be attracted by the conditions of Government service, quite a number of them would be deterred by the red-tape, delay and the irritating formalities connected with recruitment by the commission.

The U.P.S.C. occupies a position under the Constitution which is in many respects analogous to the Supreme Court or the Auditor-General, as it is expected to act as a safeguard against nepotism, favouritism and bad recruitment. Whereas the other independent bodies have clearly defined sets of rules and procedure providing opportunities for redress at some stage or other, the commission's selections are final, even when they are wholly inexplicable, so that it has not been able to build up sufficient confidence in the soundness of its methods. The selection for the I.A.S., etc. from among fresh college graduates is a different affair in which each candidate can seize his first chance in life to gamble. In all other cases, the personality test is apt to prove an uncertain and too tricky affair and a candidate once bitten may feel twice shy, unless the stakes are very high.

In view of the many serious limitations on the work of the commission, there need be no strong condemnation of the tendency of departments to choose their own men, wherever possible. The commission has taken exception to the "temporary appointments" and to the Government's delay in deciding the excepted categories for which no consultation is necessary. The number of disagreements has now declined. That, however, is not the index by which to assure ourselves that the recruitments to the services or the recruitment methods are happy.

THE SPECIAL MARRIAGE BILL

The importance attached to the marriage law in this country is in evidence in the minutes of 17 dissenting signatories to the Report of the Joint Select Committee on the Special Marriage Bill. The dissenters are representative of all shades of opinion, and many of these views will be debated when the Bill comes up before Parliament. The decision of the Committee to specify the relationships among which marriage is prohibited—instead of defining the prohibited degrees—has led to such absurd results as laying down that a man cannot marry his great grand-mother! But the main criticism of the Report relates to the decision to retain a clause to the effect that when a member of an undivided family marries under the Act, it should involve a severance from his family. Both the conservative and radical members have attacked this provision and the legal position has been well summed up by Mr. Tek Chand who has opposed the provision for such automatic severance. The plea for allowing marriages even within the prohibited degrees where it is allowed by custom is unlikely to receive much support, nor will the suggestion for raising the marriageable age of the parties to 21. The case for easy divorce, based on mutual consent, is similarly destined to fail to carry conviction.

The legislation proposed is only permissive and it is unlikely to be availed of except by a small section of the population. The value of this law would lie in its capacity to set the standards to which other forms or systems of marriage will have to evolve eventually. Under Chapter III of the Bill, any other marriage may be registered as a special marriage if both parties apply for such registration and certain conditions are fulfilled. That is how persons married under sacramental forms can now seek to avail themselves of the divorce provisions. The fact that there are all the grounds specified for divorce—except divorce through mutual consent—shows that the provisions satisfy all "progressive" groups. Mr. Tek Chand has even urged that only certain forms of adultery should be regarded as grounds. There are other interesting suggestions raised in the dissenting minutes, the leading one being the joint minutes of Mrs. V. Alva, Mr. V. K. Dhage and Mr. Rama Rao. They have suggested a medical examination of the parties to each marriage and full reciprocity in the matter of disabilities as between men and women (by including even "frigidity in woman" as a ground for divorce and making provision for alimony for the husband!). The interest shown in this subject promises a more interesting parliamentary debate.

PRINCIPLES AND PROHIBITION

The lengthy discussion on the future of prohibition policy by the Congress Working Committee this week was an indication of the extent of the pressure from the Andhra State Government for permission to repeal prohibition. The resolution of the Working Committee is couched in very general terms; but its emphasis on "effective implementation" and the declaration that "financial aspects by themselves should not influence the course of policy and action" are sufficient deterrents to the precipitate abandonment of prohibition in Andhra. At long last, a decision has been made to ask the Planning Commission to collect data and make recommendations on the future pace of progress. This is less than what has been widely demanded; a high-powered commission, composed of independent public men, would have been better fitted to act as a corrective to the policies of Congress Governments. But prohibition as a goal of national policy is no longer regarded by the Congress as a matter open to debate; only the means to its speedy realisation are now open to investigation.

This approach cannot but disappoint those who have regarded prohibition as a failure—and even as a social evil, to the extent it has promoted law-breaking—which has involved a financial sacrifice which the States could ill-afford at this time. But the Working Committee's decision has the merit of being consistent with Congress principles. The Andhra Government's precipitate action and the Ramamurti Committee's hasty recommendations have caused considerable disquiet. The suggestion in the Wanchoo Report that Andhra finances could be strengthened by the abolition of prohibition seems to have had a greater influence on the State politicians than the actual merits of the

question. The danger of one State voting for a course dictated by expediency in this matter is that the Congress party everywhere would easily be exposed to the charge of unprincipled opportunism. However mistaken the original step might have been, it would require special justification now to take a step in the reverse direction, in violation of the Constitutional Directive. But there is still no reason why the pursuit of prohibition should become fanatical. The Working Committee's emphasis on the benefits to the poorer sections deserves to be underlined; but in all other cases the scope for liberalisation may be usefully considered.

LANGUAGE POLICY RE-STATED

The Congress Working Committee's resolution on language policy was the final answer to the critics within the Congress ranks who have shown dissatisfaction with the progress made in enforcing the official use of Hindi. The resolution is vague and general. The difficulty all along has been in translating the ideal of a nice balance of regional language, Hindi and English —which everyone would wish to secure—into suitable courses of study for the young and its practical adoption by the older age groups already in the services or professions. The value of the Working Committee's resolution lies in the importance it has accorded to the fullest development of the regional languages and "the development of an Indian literature through all these great languages of India." We must hope that this declaration would give the finishing stroke to the Education Minister's attack on the narrow outlook of the critics who have railed against the encouragement given to Hindustani, Urdu or Tamil.

Obviously, the political lessons of the East Pakistan elections have been learnt and the language policy should be all the healthier for it. The study of foreign languages and the special place of English among them has been strongly emphasised. But the difficulty with all such generalisations is that the persons in actual charge of implementation often cite them as supporting their own extremely narrow or rigid interpretations. Normally, instruction of pupils through the mother tongue in the initial period and the regional language at the later stages—with Hindi as a compulsory language from the secondary stage—should be satisfactory to the bulk of the population. It does not follow, however, that all other systems of education, aided or sponsored privately, should be rooted out. If the Working Committee had devoted itself to specific issues such as the Bombay Government's policy towards English teaching schools, it might have been in a better position to make its attitude understood in clearer terms The failure to do so will certainly encourage the tendency of State Ministers to impose uniformity in these matters on every pretext and thus defeat the real purpose of the Congress resolution. Meanwhile, the steps now taken to ensure that the civil services are progressively initiated into Hindi should be adequate. On the other hand, the exhortation that persons from Hindi-speaking areas should learn an Indian language may not succeed for want of sufficient incentive.

REPORT ON TAX EVASION

Out of a total number of 1,668 cases referred to it since its appointment in 1947, the Income-tax Investigation Commission has so far disposed of 1,031, leaving a balance of 637, according to the administration report of the Commission for the calendar year ended December 31, 1953. It is believed that the Commission will be able to dispose of the pending work by the end of 1955, up to which time its term has been further extended.

An analysis of the 1,031 cases disposed of by the Commission given below shows the concealed income unearthed, which excludes the voluntary disclosures:

Year ended	References disposed of	Total amount of concealment reported
December 1948	4	3,77,377
December 1949	101	2,88,06,507
December 1950	232	8,11,42,985
December 1951	320	18,12,26,975
December 1952	206	10,88,62,758
December 1953	168	5,92,87,898
TOTAL	1,031	45,97,04,500

While the Central Government had referred 1,304 cases to the Commission, as many as 356 cases were further referred at the instance of the Commission itself under Section 5(4) of the Taxation on Income (Investigation Commission) Act, 1947. Out of the 356 cases in which reference was invited by the Commission, 222 were disposed of till the end of 1953, resulting in the discovery of a concealed income of Rs. 6,96,10,866. Most of these cases have been disposed of on a settlement basis, the liability having been admitted by the parties concerned.

The report discloses that after the peak achievement in 1951, the work of the Commission has steadily shown a declining volume of concealed income.

A CENTRE FOR CHARTERED ACCOUNTANTS

The Chartered Accountants of India received a well-deserved measure of praise for the importance of their work when the President declared open the "imposing edifice" built for the Institute of Chartered Accountants. The Accountants were appropriately regarded as the public's first line of defence against "money-grabbers and opportunists" and the field of activity of the trained accountant is a growing one in a developing economy. The Chartered Accountants Act, 1949, had set up a Central Institute for India and made provision for the establishment of regional councils. A council of the Institute was charged with the duty of prescribing standards and maintaining discipline in the profession, duties which are analogous to the functions of Bar Councils under the various High Courts. The Institute was thus established as an autonomous body to regulate the standards of the profession and improve its quality.

The building now erected in Delhi, with an aid of Rs. 2 lakhs from the Government of India, will house the Institute. Though it is constructed in luxurious style, it may not afford much consolation or comfort to the members whose places of work are scattered over the whole country; nor will it serve as a college or centre for training accountants. For the needs of a secretariat of a professional council, no "imposing edifice" should have been necessary, especially when the capital city has still not met many of the more urgent claims of schools, colleges and hospitals and enough accommodation for the permanent and over-crowded offices. The possibility of housing all or a large number of such secretariats of professional councils in one building in Delhi might have been considered, if funds spent on building grants should maintain perspective. There is the larger question whether all the central professional institutes should necessarily add to the congestion in the capital when attempts are being made to relieve it by the disposal of some of the existing offices. The Institute is thus exceptionally fortunate in having secured in Delhi a building long before it has developed a library or the activities which will be adequate to utilise it to the greatest advantage. Perhaps its activities could have been quickly expanded to greater purpose if it had been located nearer the areas of heavy business activity like Bombay or Calcutta.

"Five wonderful years! Time to build, time to create. For my child it will bring health, free schooling. For my family, security . . . may be, with hard work, a home to call our own!"

Nearly a quarter of the funds of the Five Year Plan will be used in increasing, improving and widening the scope of our Social Services. Rs. 425 crores will go to raising the standard of living of the people, training 13,000 new doctors, 20,000 new nurses and midwives. By 1956, more than 60% of all children over six years of age will be in our 2,02,142 primary schools. This long-range planning makes manifest our faith in the future. Here, indeed, is . . .

a pledge to posterity



Lakhs of tons of Steel will be used to implement the many diverse projects of the Plan. And so, in numerous significant ways Steel will provide the foundations for a richer, more rewarding future for our nation and our people.

THE TATA IRON AND STEEL COMPANY LIMITED

TN 3935



WORLDGRAM

FINANCE

Report of U.K. National Insurance Scheme: The recently published report of the Government Actuary for the year ended March 31, 1953, states that the total number in respect of whom contributions were payable during 1952 increased by less than 100,000 to about 23.5 million, comprising 16 million men, 3 million married women and nearly 4.5 million single women. The total number working for employers was about 21.5 million, the number of self-employed about 1.5 million, and non-employed only .5 million. The total balance in the National Insurance and Insurance (Reserve Fund increased by about £8 million from £1,357.5 million to £1,365.4 (compared with an increase of £101 million in the preceding year).

* * * * * * *

U.K. Insurance Fund Payments: Accounts presented to the U.K. House of Commons show that at March 31, 1953, the balance in the National Insurance Fund was about £3,000.0 million. In the previous year it stood at £576.9 million. The decrease was due mainly to a transfer of £300 million to the Reserve Fund. Total receipts during 1952-53 were £554.2 million including contributions from employers and employees amounting to £447.6 million and contributions from the Exchequer of £65.3 million. Total payments from the Fund amounted to £831 million which included £461.4 million in benefit payments and the £300 million transferred to the Reserve Fund. The main increase in payments, apart from the transfer to the Reserve Fund, was on the following benefits:

	(In million £) 1952-53	Increase
Retirement pensions ..	315.5	40.3
Sickness Benefit	79.2	15.9
Unemployment ..	26.8	11.9

* * * * * * *

Russian Move to Establish 'Rouble Area': The Soviet Union may establish a "rouble area" covering the U.S.S.R. and Western Europe, as a means of simplifying and expanding East-West trade. This possibility emerged from the ninth session of the United Nations Economic Commission for Europe which ended recently. It is believed what the Russians have in mind is an Eastern "European Payments Uunion" similar to the West E.P.U. by which debts incurred with the West could be settled by a common pool. This is believed to indicate that the Soviet Union is willing to supply commodities regularly to the West and will be a regular customer for Western goods.

* * * * * * *

Deficit in Airlines Corporation Revenue: The Indian Deputy Communications Minister disclosed in the House of the People that the Indian Airlines Corporation had a deficit of Rs. 36.30 lakhs in the first five months of its working since nationalisation. The Deputy Minister added that the revenue earned by the Corporation up to December 1953 was about Rs. 262 lakhs and the expenditure about Rs. 298.30 lakhs. The deficit was attributable partly to a fall in miscellaneous revenue, seasonal slackness of traffic during the months of August to October, increase in expenditure on the insurance of aircraft not previously insured, and the grant of increments to staff whose increments had been suspended. The Government of India would give loans to the Corporation to make up the deficit. When the question of nationalisation was considered it was anticipated that there would be deficit or loss in the running of the Corporation in the initial stages and Government should give subsidy or help to meet those deficits.

TRADE

U.S. 1953 Exports Show Smallest Trade Balance: In 1953, the U.S. exports of goods and services were valued at $21,300 million including $4,300 million worth of military goods and services provided under the military aid programmes. Purchases from abroad were valued at $16,600 million. Exports exceeded imports by $400 million, the smallest post-war figure. During 1952 this balance was $2,300 million. Foreign dollar receipts from non-military grants by U.S. were nearly $1,800 million, and from other transaction (loans, private investments and remittances etc.) about $900 million. Foreign countries consequently raised their gold and dollar assets by about $2,300 million. Foreign gold purchases alone amounted to $1,160 million.

* * * * * * *

Concession on Import of Newsprint: The U.K. Government are reported to have authorised the import of an additional 25,000 tons available at present of Canadian newsprint, for which dollars had been requested. No further imports are to be allowed in view of the state of the balance of payments. The Governments, however, are anxious to end newsprint control and will consider further authorisation as soon as the balance of payments permit. Permission has been sought to import 2,500 tons of additional Canadian newsprint this year and an additional 100,000 tons—not less than half of it from Canada—next year, to make possible the end of control and rationing in 1955.

* * * * * * *

Indonesian Control on Import Business: The Indonesian Government has decided to exercise a stricter control on the activities of national importers to ensure that these importers really carry out their import and related business and do not only act as intermediaries for others. A statement issued by the Economic Ministry said that any enterprise desiring to import goods from abroad should be able to furnish proof to the Economic Ministry of its resources to do the import business single-handed. The conditions include the capability of those who have set up the enterprise and the liquidity of the enterprise. The Government also expects the importers to: (1) seek contracts with foreign countries; (2) contract their purchases from abroad; (3) arrange their payment transactions; and (4) arrange the receipt of goods from abroad, and lastly to seek markets for the imported goods as can be expected from capable traders.

AGRICULTURE

Community Development Projects Administration Report: Up till the the end of January, 1954, 3,170 of the 12,000 Gram Sevaks required for the National Extension Service have been trained. The C.D.P. Administration report for 1952-53 states that these Gram Sevaks have been posted in over 43,000 villages covering a population exceeding 34 millions. One thousand five hundred and eighty-two village level workers and 164 supervisory staff are undergoing training. The report estimates the staff requirements of the National Extension Service during the Plan period at 83,854 executive officers, ministerial staff, Gram Sevaks, Agricultural and Husbandry experts, engineers, doctors and teachers. Of 2,240 social education organisers required, 316 have so far been trained. The requirement of doctors, compounders, sanitary inspectors and lady health visitors were 620 in each category.

* * * * * * *

Area and Division of Farm Land in Holland in 1953 (2730): The Netherlands Central Bureau of Statistics has published definitive figures for the area and division of farm land in the Netherlands in May 1953.

The figures for May 1952 are included in the table below for purposes of comparison.

(Figures in hectares; 1 hectare = 2.5 acres)

	1952		1953	
	Area	% of total	Area	% of total
Total farm land including:	2,331,764	..	2,307,646	..
Arable land	923,100	39	907,449	39
Grass land	1,305,236	56	1,296,380	56
Devoted to horticulture	103,428	4½	103,817	4½

INDUSTRY

Pakistan Production of Matches: Pakistan now has 14 factories producing matches. Eight more are being installed and will go into production during the current year. Starting with 8 match factories at the time of partition Pakistan produced 4,13,517 boxes 6 years ago. In 1953 the production rose to 24 lakh boxes of 50 sticks each. It is understood that by the end of 1955, when the expansion programme is completed, Pakistan will have a total installed capacity of 114 lakh gross boxes, yielding a surplus for export after allowing for a reasonable increase in demand.

* * * * * * *

Industrial Needs of Burma: The leader of the British Industrial Mission to Burma,Lord Burghley stated that the Mission had obtained a clear picture of the bold schemes of economic development. He stated that British Industry would be able to meet Burma's requirements in technical skill and heavy equipment, and that the Mission would make known the needs and problems of Burma to industrialists and the Government of Britain. The Mission's assignment was to survey the Burma market and arrive at general principles. The official report is likely to be released in Britain.

* * * * * * *

Increasing Atomic Weapons Production in U.S.: The Atomic Energy Commission of the U.S. plans to expand production of Hydrogen and atomic weapons. The Appropriations Sub-Committee was told that the Commission needed $1,342 million for the 1954-55 fiscal year. Operating costs in 1955 are expected to be 42 per cent higher than the present year.

MISCELLANEOUS

Price Reductions in Russia: Price cuts have been announced in Russia. Bread, tea, petrol and many other commodities have been affected. Similar reductions were announced last year. The price of bread is reduced by 5-8 per cent; tea by 10 per cent; coffee and cocoa by 15 per cent; macaroni and flow by 8 per cent. Other articles affected include textiles, jewellery, perfumes, shoes, electrical equipment, sports equipment and building materials. Prices of medicines have been reduced by 15 per cent, and of petrol by 44.5 per cent.

* * * * * * *

Central Social Welfare Board Extends Projects: The Indian Central Social Welfare Board will, in the remaining two years of the Plan, launch 300 projects covering approximately 60 lakhs of people in 5,400 villages. Each "Welfare Extension Project" will cover 15-20 villages—population 20,000—on a regional basis and will cover all aspects of social welfare, including programmes for the physically and mentally handicapped. Programmes will be executed by voluntary organisations under the guidance of the Board. These organisations will raise funds to meet half the estimated cost of Rs. 50,000 for each scheme; the remaining amount will be met by the Planning Commission. During the last seven months of its existence the Board has provided assistance to nearly 650 voluntary organisers amounting to Rs. 21 lakhs. Out of the total amount of Rs. 4 crores placed at its disposal for the Plan period, it is prepared to allocate Rs. 2.45 crores as direct grants in aid to nearly 3,500 institutions.

* * * * * * *

W.H.O.'s Fifth Year of Progress: In 1953, the World Health Organisation completed its fifth year of activity which was marked by the following events: Nepal and Yemen joined the Organisation, raising the number of member States to 84 (including 3 associate members). Over 330 health projects were helped by W.H.O. in 74 countries; of these 106 were completed within the year. The fight against communicable diseases was enlarged and W.H.O. took action against 27 major infections; but the main effort continued to be directed at control of malaria (campaigns in 21 countries), vaws and venereal infections (15 million people examined, 4 million treated), and tuberculosis (37 health projects, of which 16 were training centres. and 21 B.C.G. vaccination campaigns.) W.H.O. faced "extremely serious and prolonged financial crises" during the year because of substantial cuts in U.N. Technical Assistance funds which curtailed the expansion of successful health programmes and stopped or retarded new ones. Direct assistance to governments in order to strengthen their health administrations continued to be the major goal. The health projects which W.H.O. helped develop numbered 330; U.N.I.C.E.F., the U.N. Children's Fund, contributed supplies to one-third of these programmes, and Technical Assistance funds were used to finance health projects particularly related to economic improvement.

* * * * * *

Eradication of Unemployment in India: The Deputy Minister for Irrigation and Power recently stated that programmes estimated to cost about Rs. 158 crores had so far been approved by the Planning Commission for dealing with unemployment in the country. The break-up of the figure includes Rs. 219 lakhs for Communications Ministry to provide working finances for the Indian Telephone Industries, Rs. 120 lakhs additional provision for North-East Frontier Agency development and Rs. 428 lakhs to the Finance Ministry, including Rs. 250 lakhs representing assistance to State Governments to set up State Financial Corporations. Other additional provisions include Rs. 221 lakhs for the Agriculture and Food Departments, Rs. 242 lakhs for Health Services, Rs. 205 lakhs for the information and Broadcasting Ministry, including Rs. 149 lakhs for integrated publicity scheme, Rs. 12.66 lakhs for Labour and Rs. 112 lakhs for Natural Resources and Scientific Research. The biggest allotment was for Rehabilitation amounting to Rs. 10 crores for construction of inter-State roads of economic importance. Additional official and residential accommodation provided for would cost Rs. 250 lakhs.

* * * * * * *

U.S. Economy Remains Stable: The U.S. Secretary of Commerce recently stated that the United States economy is functioning at a high level of productivity. The U.S. Commerce Chief enumerated certain "yardsticks" indicating the healthy State of the U.S. economy: 1. Output of goods and services in the United States today is proceeding at an annual rate of about $360,000 million. This was slightly below the 1953 figure of about 367,000 million but exceeded the 1952 figure which approximated $348,000 million. 2. Capital investments by U.S. business in new plants and equipment is now estimated at the annual rate of $27,200 million, only four per cent below that of last year. 3. Reported construction activity in February 1954 was higher than that of a year ago. 4. Business sales expectations generally approximate those of 1953, with some decline in durable goods sales and some advances in other items. 5. Total consumer spending thus far in the first quarter of 1954 has kept pace with the fourth quarter of last year. 6. Personal income in January 1954 was at the annual rate of $282,500 million, less than two per cent below the peak of last July and $2,000 million above January 1953.

NEWS IN BRIEF

INDIAN

Eight British technicians, coming to India to be employed in the Chittaranjan Locomotive Factory for a period of two years under the Technical Co-operation Scheme of the Colombo Plan, are in addition to the British team of three experts now working at the factory. These three experts who came to Chittaranjan under a year's contract at the end of 1953, have also been given extension for two years.

* * * * * * *

The Food and Agriculture Ministry has made arrangements for importing 1,16,000 tons of sugar from foreign countries during this year, it is learnt. The purchase of another 60,000 tons is likely to be finalised shortly. Most of the sugar is expected to arrive in the country before the monsoon starts.

* * * * * * *

The Government of India have decided to reduce the selling prices of tin-plate by about Rs. 50 per ton with immediate effect. The announcement was made in a Press note issued by the Commerce and Industry Ministry. The reduction has been rendered possible mainly by the fall in the prices of tin during recent months.

* * * * * * *

The foreign income assessed on accrual basis of people in India in 1952-53 aggregated Rs. 809 lakhs and the tax thereon for the assessment year was Rs. 359 lakhs. The corresponding figures for 1951-52 were Rs. 2,322 lakhs and Rs. 478 lakhs, respectively.

* * * * * * *

India's sterling balances amounted to Rs. 710.75 crores at the end of December, 1952, and Rs. 734.32 crores at the end of January 1954.

* * * * * * *

In 1953, over 71,19,797 persons were detected travelling without tickets on Indian Railways. About 2.5 lakhs were challaned and 1.5 lakhs convicted. The excess fare realised amounted to Rs. 142.6 lakhs and the fines recovered to Rs. 4.68 lakhs. In Kumbh Mela alone 36,000 cases were detected.

* * * * * * *

There were 29,242 Joint Stock Companies in India on March 31, 1952, with a total paid-up capital of Rs. 8.30 crores.

* * * * * * *

During 1953, Rs. 39.70 lakhs had been remitted abroad as rental of foreign films. India had received Rs. 8.27 lakhs as rental for Indian films sent abroad; this does not include inward remittances of amounts below Rs. 20,000 not reported to the Reserve Bank. The amount received from Pakistan was about Rs. 6 lakhs. A provision of Rs. 50 lakhs had been made for remittances abroad in 1954, while no amount was provided for inward remittances.

* * * * * * *

Permission was granted in 1953 for the issue of capital shares to non-residents of India to the extent of Rs. 4.23 crores. The number of industries involved was 21. During the year, Rs. 34.17 lakhs were remitted to foreign countries on account of royalty payments.

* * * * * * *

The total investment in the firms now engaged in the production of diesel engines is Rs. 142.54 lakhs. Of this, about Rs. 12.40 lakhs were supposed to be foreign-owned.

* * * * * * *

A budget provision of Rs. 6.11 lakhs for 1954-55 as against an allotment of Rs. 3.09 lakhs during 1953-54 has been made by the Central Government for the National Library of Calcutta. A special grant of Rs. 50,000, placed at its disposal during the current financial year will be continued during 1954-55.

FOREIGN

The £A35 million Australian Commonwealth Loan which recently closed was over-subscribed by £A15 million. The excellent result of this second loan will be of material assistance in financing State public works, necessary for the nation's progress.

* * * * * * *

According to a statement made by the Pakistan Prime Minister in Karachi, there are at present 121 U.S. experts working in Pakistan on development projects. It is announced by the Australian Government that 200 tractors will be sent to Pakistan as a gift to assist in food production.

* * * * * * *

Heavy Russian buying of the best types of merino wools at recent Sydney wool sales made the market dearer by 5 per cent. The Russia bids were high to exclude opposition and they purchased 43 of the first 100 lots, continuing to dominate the top-quality fleece wool market.

* * * * * * *

The U.S. Bureau of Census reports that cotton ginned from the 1953 crop had totalled 16,324,248 running bales (14,954,575 in 1952 crop). The average gross weight of a bale from the 1953 crop, excluding linters, was reported at 504.5 lbs. (506.2 lbs. in 1952).

* * * * * * *

Afghanistan and the United States have signed an agreement under which the United States will provide 12,000 tons of wheat or wheat flour to meet a threatened food shortage in Afghanistan, the State Department announced.

* * * * * * *

It is learnt that Australian has made a gift to the French Government of hundreds of thousands of pounds worth of war equipment, mostly obsolescent, for use against Viet-Minh forces in Indo-China. A "relatively small" amount of modern military equipment including two army barges, aircraft guns and ammunition specially selected by the French Government will be paid for.

* * * * * * *

The United States is to increase its stockpiling of strategic minerals and metals under a new policy. Reserves would be built up because in the event of war, supplies from most foreign and some domestic sources would not be available. The new programme would result in government purchase of 35 to 40 metals and minerals.

* * * * * * *

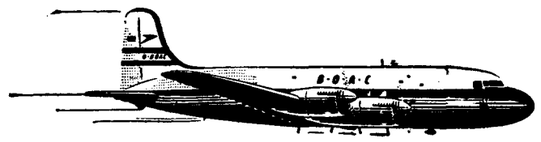
Hlohm and Voss, once Germany's biggest shipyard, received permission to go back into the shipbuilding business. The Allied Military Council Board is, however, withholding permission for it to build ocean-going vessels.

* * * * * * *

Britain ended her financial year on Wednesday with a surplus of £93,638,000 instead of an estimated deficit of £11,66,12,000, the Treasury announced. This was an increase of more than five and a half million pounds on last year's surplus of 88,123,549 sterling. Total ordinary revenue amounted to £4,368,130,000 and total ordinary expenditure to £427,492,000.

* * * * * * *

According to "The Courier," U.N.E.S.C.O.'s monthly publication, some 3,000 languages are spoken throughout the world. Of the 13 major languages, Chinese (including all its dialects) tops the list, followed by English, Hindi-Urdu, Russian, Spanish, German, Japanese and French. English, French, Spanish, Russian and Chinese are the official U.N. languages.



New Tourist Services

TO FAR EAST
MALAYA
AUSTRALIA

Now Operating

Consult your Travel Agent or B.O.A.C. Offices at
Bombay, Calcutta, Delhi and Madras

FLY BY B·O·A·C AND QANTAS

BRITISH OVERSEAS AIRWAYS CORPORATION WITH QANTAS EMPIRE AIRWAYS LIMITED

A Window On The World

HOW TO LIVE WITH YOUR UNCONSCIOUS

By

ODYSSEUS

MANY WHO have a nodding acquaintance with modern psychology regard the unconscious with fear as a terrible primeval curse from which there is no escape. They do not talk about it and they try not to think about it. They are ashamed whenever they give way to inclinations of which their conscious disapproves, but their subsequent feelings of guilt are mingled with a sense of helplessness. They resent their unconscious.

These attitudes are absurd. There is no more reason to distrust, hate, or resent your unconscious than the nose on your face. On the contrary, you ought to be proud that Creative Evolution, the Absolute, God, or whatever you like to call the First Principle, took the trouble to fit you out with one.

It is true that if you were analysed your unconscious would reveal that you have in you brutal instincts, passions, wishes, childish attitudes, and various anti-social tendencies. But the first point is that your unconscious is a mechanism that enables you to control these primitive instincts, to develop self-discipline; without it you would be no more than a wolf, an animal that conducts its life without morals entirely on an instinctual, pleasure-pain level. But the second, and even more important, point is that the unconscious is not just a negative mechanism for locking up dangerous beasts; it is a positive force with the aid of which ideals are developed. Morals, culture, and civilisation spring from it. The unconscious is not merely responsible for security measures, it is the source of all creative work, in the spheres of commerce and art alike.

What you learn, whether from books or from experience, is stored in the unconscious. You cannot keep all your knowledge in the forefront of your consciousness; if it were not stored out of the way somewhere to be pulled out for use as required, it would turn your consciousness into an unclassified mass of information piled in chaotic heaps all over your mind's desk, and the more experience you acquired, the more the mass would spill over in all directions. You would never be able to lay a hand on anything when you wanted it. Your unconscious stores and classifies for you, so that when you have to write a business letter you call up the particular information required from its pigeon-hole.

INCREASING PERSONAL EFFICIENCY

Inaccuracies, failures, and mistakes, do, however, occur. You cannot always remember accurately, or you cannot remember all that you want, or things slip from your memory altogether. Such failures may be due to conflicts between the various desires in you, which may perhaps need to be resolved by a psychiatrist. But there are a vast number of ordinary normal people who could substantially raise their personal efficiency and increase the harmony of their lives if they learnt how to get the best out of their unconscious.

Whatever your profession, you must often experience moments when your brain seems stale. You know what you are trying to put on to paper, but the ideas won't come. Or you may be struggling with some problem—administrative, economic, professional, ethical, human, or personal. You feel that there is a solution but there are objections to every course that you can think of. You are bothered or anxious, or, if the matter be important enough, at your wits' end.

In such cases, what not to do is to exhaust yourself by going over and over your problems like a squirrel in a cage. You have not a hope of finding a solution that will satisfy you because, for whatever reason, your unconscious is withholding it from you, is refusing to open up the appropriate pigeon-holes.

Fortunately, there is a period when you can make suggestions to your unconscious. This is as consciousness begins to slip from you on the verge of sleep. The unconscious is sensitive to bullying or distrust: if you order it to open up its pigeon-holes and solve your problem for you, it will not. But if you state the problem in its simplest terms, without going over the details and qualifications, and then say calmly and confidently "Over to you, unconscious. I know you'll give the right decision, ideas, or whatever will inspire my pen along the lines I need to go", you will, with practice, find that your unconscious will give you the answer next morning.

It is wrong to regard the unconscious as wholly anti-social. It can be enlisted on the side of the angels in moral conflicts arising from indulgence in acts of which the conscious disapproves. Some practice in developing the right technique is, however, necessary before success is assured. The average person who wishes (to take an innocuous example) to give up smoking usually makes tremendous efforts of resolution. But the harder you try, the more you concentrate on such a problem, the more you are in fact making counter-suggestions to your unconscious: frightening it with the difficulties of realising your desire; presenting it with a picture of your fears of failure; and the unconscious (which is that part of you most sensitive to suggestion) hastens to agree with your conscious insistence on the difficulties ahead! What is needed is to think all round your problem carefully, stating exactly what your aims are: the advantages of non-smoking—economy, health, cleanliness, etc. Then dismiss it all until bedtime. Last thing at night pick out the happiest result, to you, of non-smoking and point this out to your unconscious repeatedly and with a lazy confidence in its ability to help. Thus you will inaugurate the re-education of your unconscious, until it joins with your conscious in a combined operation to rout your weakness.

Just as your last drowsy moments are those for making suggestions, so the first waking moments, before the day's routine begins to distract your unconscious, are the best in which to receive decisions, solutions, information, and inspiration. With every passing hour, as you become more entangled with impressions from other sources—your wife, children, morning paper, colleagues, friends—the weaker becomes reception from your unconscious. Anthony Trollope, the Victorian novelist, knew this. He used to go straight from his bed to his desk two hours before breakfast every morning, where undisturbed by counter-suggestions, he tapped his unconscious to write his novels.

The role of the conscious is to select, co-ordinate, and polish up ideas presented by the unconscious. Confidence and co-operation between conscious and unconscious is the mark of the integrated personality.

WHERE DO IDEAS COME FROM?

This describes how the unconscious works. It does not explain what it is. Old ideas can be put together out of books and experience; but where does the business man get his new hunches? Whence does the poet

get his inspiration? It was not putting together memories of what previous poets had written that enabled Shakespeare to write:

> Sleep that knits up the ravell'd sleave of care,
> The death of each day's life, sore labour's bath,
> Balm of hurt minds, great Nature's second course,
> Chief nourisher in life's feast—

The psychologist can describe the mechanism of the mind but he can no more tell you where ideas come from than a doctor by describing the mechanism of the body can tell you how it is infused with life. This is the philosopher's job.

Many theories have been put forward to explain the phenomenon of the creative faculty. Mr. Humayun Kabir has promised this column that a chapter on Freud will be added to the second edition of Maulana Azad's great "History of Philosophy: Eastern and Western", and I am hoping that this will contain the latest thought on the relationship of the unconscious to the unseen, that is (as I would say) to God.

One theory that has been put forward in various forms by various philosophers is that life is not an emanation from matter—however you dissect the body, you will never lay your finger on it—but is an independent something, a spirit, a force, which uses matter to further its own purpose. A man is, as it were, a unit of life detached from the main stream of the vital force. Since there is no physical explanation possible of the inventor's new idea, of the business man's intuition about a new market, or of the poet's inspiration for new expressions of beauty, we may suppose that the unconscious (whence these ideas find their way into the conscious) is the spirit—that part of the life-force which is for the time being infused in the individual man. When the body dies, the unconscious rejoins the life-force, but not quite the same as when it entered. It departs impoverished by the misuse, or enriched by the good use, to which it was put by the individual. If he used his powers to perfect his skills, to increase his knowledge, to achieve a more intense consciousness, then his departed spirit accordingly enriches the life-force of the universe from which it sprang, and for which purpose it was sent to be incorporated in matter for the span of a man's life.

Such a view would be compatible with the conception of a God who is concerned with the welfare of the individual because He would naturally be concerned to know whether the individual was putting to constructive or destructive use the life-force entrusted to him.

These are but the crudest notions of a philosophy some aspects of which have been expounded by Bernard Shaw in "Back to Methuselah" and "Man and Superman", and other aspects by Samuel Butler and Bergson.

If you are, like me, a busy professional man who has no time to make a specialist study of philosophy, but who wants to keep an eye on what the philosophers are up to, you will find these and other ideas discussed authoritatively but clearly in C.E.M. Joad's "Guide to Modern Thought" (Faber and Faber). On the relationship of modern psychology to religion, God, and philosophy, read R. H. Thouless' "Introduction to the Psychology of Religion" (Camb. Univ. Press). This, the classical introduction to the subject, is written by one who is both a psychologist and a philosopher—unfortunately a rare combination. It is sane, balanced, and encouraging. Thouless' argument in a nutshell is that psychology by itself can neither prove nor disprove the validity of religion nor the existence of God, but that as one witness among many, it has valuable evidence to offer. Thouless sums up in favour of God.

NOTE: This is the concluding article of a series of four on the challenge of modern psychology to philosophy. Previous articles were: "The Best Dialogues Since Plato", March 19; "Freud's Challenge to Philosophy", March 26; "A Figment of My Unconscious", April 2.

COTTON YARNS

OF ALL DESCRIPTIONS

FOR HANDLOOM, POWERLOOM & HOSIERY FACTORIES

MADURA MILLS COMPANY, LIMITED

Phone: 250 (5 lines) MADURAI Grams: "HARVEY"

MILLS AT

MADURAI, TUTICORIN AND AMBASAMUDRAM

5,00,000 Spindles Counts up to 80s

SPECIALITIES

WARP YARNS, COMBED YARNS, HOSIERY YARNS,

SINGLE & FOLDED YARNS: CONE, CHEESE OR HANKS

Yarns for the Manufacture of

ROPES—HEALDS—CANVAS—TAPE

Sewing Thread Yarns & Multi-ply yarns

CORD YARNS FOR TYRE MANUFACTURE

Managers :

A. & F. HARVEY LIMITED

MADURAI

Phone: 420 (4 lines) S. I. Grams: "HARVEY"

BOOK REVIEWS

THE SOVIET WORKER

Coercion of the Worker in the Soviet Union: David Rousset: (Translated by Charles R. Joy): Beacon Studies in Soviet Tyranny and Power: Price $1.50: (Pp. 63).

This short monograph on the control exercised over the Soviet worker is an abridged version, in translation, of the work of the well-known French writer, David Rousset, which was based on Soviet sources. Extracts from the Soviet labour laws have been included in the appendix, showing that the legal status of the worker in the so-called workers' State is not enviable. The study describes how the Soviet worker gradually lost his freedom of movement and the freedom to choose his job and thereafter fell under disciplinary rules which became rigid and severe. This is not wishful propaganda. It is shown that there is sufficient authority in Lenin's writings for the treatment accorded to the Soviet worker. The following sentence, which is part of the paragraph quoted at the beginning of this book, is of significance: "The worker becomes a wheel in an immense machine: he must be subservient to it, enslaved to it, deprived of any will of his own, exactly like the machine itself." Coercive measures are known to exist in theory and some of them have been cited here from the Soviet laws and regulations. There are also official texts available of the verdict in particular cases, which prove the extent to which they are enforced in practice.

The object of the book is to destroy inertia and complacency in the minds of those who remain undecided about the real nature of the Communist State. In this, it should succeed since the sources used are indubitably Communist.

TEXTILE CENTENARY

The Cotton Mills of India, 1854 to 1954: S. D. Mehta: Foreword by Sir Homi Mody: The Textile Association (India), Bombay 12.

Mr. S. D. Mehta has already established his qualification to write on the textile industry through an earlier volume published by the Textile Association on "The Indian Cotton Textile Industry—An Economic Analysis". The textile centenary this year was an appropriate occasion to attempt the first full-length history of India's largest industry. The facts on which the history has been based lay scattered in company records, personal memoirs, journals and official records, and great care has been taken to utilise as much of this material as could be gathered within the time available.

With the failure of the first experiments in Calcutta and Pondicherry to establish cotton mills, the scene shifted to Western India. So the story appropriately commences with the three pioneers—James Landon, Cowasjee Davar and Maneckjee Petit—who floated their companies in 1854. The early trials of the industry followed the cotton boom—during the American Civil War. There was also pressure from Manchester on the Government of India for the abolition of import duties on cotton cloth, to deprive the Indian industry of any margin of protection. But after 1869, there followed a phase of steady expansion until 1892, which was assisted by the growing Chinese yarn market, the introduction of ring spinning technique and the growth of the railways. The fact that the textile centenary followed the railway centenary was no mere accident. The relationship, to the extent it can be traced, has not however been adequately brought out in this detailed history.

Sir Dinshaw Petit and Jamshedji Tata are the names which stand out in the history of this period for their pioneering zeal, which was undeterred by reverses and which contributed to this progress and consolidation. A decade of misfortunes followed before the close of the first half century of the textile industry. The currency difficulties of the 1890's which lost to India the yarn markets in China and Japan, the levy of an excise duty on yarn and cloth, and epidemics and communal riots in Bombay closely succeeded one another. They led, however, to better interest in management and greater attention to the internal market. The rest of the history is better known. Two world wars and a great depression affected the fortunes of the industry, which were greatly helped by the Swadeshi movement. The narrative part of the history of this period has been interrupted to pay special attention to the labour force engaged in the textile industry.

The history has been presented in a style which succeeds in keeping up the interest of the reader in the subject, even if it occasionally tends to be hyperbolical or one-sided. The history is not exhaustive, but the foundations have been well laid.

DICTIONARY OF INDUSTRIAL PRODUCTS

The Wealth of India: Industrial Products: Part III: —D-E. Council of Scientific and Industrial Research, New Delhi, 1953: Pages 250: Price Rs. 20: (Copies from the Publications Division, C.S.I.R., Old Mill Road, New Delhi-2).

The Council of Scientific and Industrial Research has continued its good work of compiling a dictionary of Indian industrial products by publishing this third part which deals with all the products coming under the letters D and E. There are only about seven main headings under D and about ten under E, but monographic information is available in all for 54 industries. The dairy industry, dyestuffs, electrical industries, essential oils and explosives are the major groups which cover the various ancillary industries and by-products. There is a wealth of technical, statistical and general information about the raw materials, manufacturing processes and course of development of the industries. The illustrations have been well chosen to make the volume attractive and informative.

A separate alphabetical index to the dictionary has been found necessary in view of the decision to group large numbers of industries under major heads. It may, therefore, be doubted whether there was much value in following an alphabetical order which could only delay the publication of the material available from time to time till the material on all industries under each alphabet is completely prepared in the proper sequence. Since a change at this stage is hardly practicable, the original programme will have to be kept.

BANKER

The Banker: March 1954: Vol. I No. 1: Price Rs. 1-12: Published by S. R. Suneja, Connaught Circus, New Delhi.

The first number of "The Banker", a monthly to be issued from New Delhi, is a welcome addition to the financial journals in the country. It has been modelled generally on the British journal of the same name. The first number has been restricted to purely banking subjects. The articles are preceded by comments on topical issues and followed by information relating to banking, including legal decisions, appointments and statistics.



The Mark of

QUALITY ECONOMY & DURABILITY

Our Specialities

* 'Paramsukh' Dhoties
* 'Lakes Beauty' Mulls
* 'Moti Voil'
* Striped Shirtings
* Drills, Addi Cloth
* Cambrics, Longcloth Sarees
* 'Century, Batsman' Blankets
* Bld., Striped and Dyed Turkish Towels
* Grey Sheetings
* Black Dyed Venetian Cloth
* Umberella Cloth.

MULTI-COLOURED PRINTED CHINTZ & MULLS
In Various Designs.

THE CENTURY SPG. & MFG. CO., LTD.
Head Office:
Queen's Mansion, Prescot Road, Fort, BOMBAY.
Gram: Century
Phones: 31904, 30435, 21397
Managing Agents: BIRLA BROTHERS LTD.

A DELHI DIARY

NO CRISIS

THROUGHOUT the week there have been excursions and alarums. It was reported more than once in daring (but fortunately mistaken!) newspaper reports that the Finance Minister was, (a) on the point of resigning, (b) had submitted his resignation, or (c) had declined to withdraw his resignation and/or (d) was making a statement in the House. It now turns out that all this was premature. A genuine difference on the procedure to be followed in regard to reform of financial control has been readily resolved by the statesmanlike approach of the Prime Minister and the Finance Minister. Differences, they tell me, will occur in the best regulated of families. The Indian Cabinet (whilst not containing the element of propinquity!) is a sensible and accommodating family, knit together by the towering personality of the Prime Minister and the ready acceptance of his leadership. This week it has shown its tensile strength. Its breaking tension must be very high!

What has happened has reflected credit not merely on the chief actors in the piece, but also on a wide circle of intelligent people in New Delhi inside and outside Parliament who have sedulously declined to jump their fences. Those who did are ruefully nursing themselves after their fall! But in any case they were very few. The steadfast refusal to discuss a matter which was essentially in the province of the Prime Minister showed strict democratic rectitude. It is wholly wrong for Cabinet affairs to be commented on until a decision has been reached. It is certainly a pity in this case that a leak occurred; but the fact that a leak occurred does not justify an attempt by non-officials or the Press to influence the decision. When a decision is reached, comment and criticism (of the restrained kind!) are free. In this case at least, it has been proved that honest democratic restraint is still the best policy!

UNRESTRAINED CRITICISM

Alas, criticism even when permitted is not of the restrained and helpful kind. In the debate on the grants of the Information and Broadcasting Ministry, Mr. Harindranath Chattopadhyaya went steeply off the rails. It was noticed on Thursday that there was a reaction in defending Dr. Keskar which was at least equal and opposite. And Dr. Keskar who replied with dignity, though sometimes without carrying conviction, won a notable victory on points. Fortunately a straight knock-out is excluded by parliamentary rules. But vehement nouns and adjectives were certainly in full supply, and Pandit Balakrishna Sharma employed alliteration with great effect when he spoke of the "vitriol, venom and vain verbosity" which Mr. Chattopadhyaya had chosen to employ. There was almost nobody who disagreed that the dignity of the House had been 'injured' by the (poetic?) licence of Mr. Chattopadhyaya's performance.

THE LIGHT BRIGADE

And thus in yet another way moderation and good taste have shown that they are effective instruments in New Delhi. There are many people both inside and outside Parliament (where was Mr. S. K. Patil?) who genuinely disagree with many things in Dr. Keskar's administration. But there is almost nobody who advocates unlicenced criticism to voice these genuine differences. And on his stalwart stand against commercial advertising, Dr. Keskar certainly reflects the predominant view in the country. But now that the dust of this controversy is settling down, would it not be a good thing for All India Radio's Listener Research Section to examine quite objectively the nature of the demand for film music and ascertain the opinion held on A.I.R.'s Light Music Programmes which has (unjustly!) been described as the Charge of the Light Brigade? I am in a position to state on the basis of my own experience that there has never been a charge of any kind. It is all too tame!

BURMA'S DEBT TO INDIA

Special interest attaches to an announcement made by the Finance Minister in Parliament on Thursday (just in time for inclusion in this Diary!) on Burma's debt to India. An agreement, it would seem, has been signed by which Burma's debt to India has been reduced from Rs. 68 crores to Rs. 20 crores. Of the Rs. 20 crores, Rs. 15.6 crores goes towards providing a rebate of £13 per ton on 900,000 tons of rice to be bought during the current year. The remaining Rs. 4.4 crores will be treated as financial aid to Burma from India through the Colombo Plan. The creditor certainly has not got much out of the transaction, and it might possibly be argued, since there is no debt left, the counsel of expediency that it is good for a creditor to keep his debtor alive does not apply. Nevertheless, there should be genuine satisfaction at the final conclusion of this long-drawn-out debate.

Burma has needed this help. It is true she has a favourable balance of payments and could have paid India more if pressed hard enough. But surely it is not in India's interest to defer Burma's development by laying an additional claim on Burma's foreign exchange resources. Burma has not the capacity to pay her creditors and maintain elementary development. Therefore, India has shown great wisdom in accepting a compromise, inevitable for the most part. Surely this gesture will draw from Burma a proportionate volume of goodwill. This is the time to conclude a new agreement or to give fresh and invigorating life to the old one. I can give two formidable names in a list of names of persons who should **not** lead a new delegation.

J. P. SEN GUPTA

In the last month, India has lost her best (non-official) ambassador in Burma. The death in a B.O.A.C. crash of J. P. Sen Gupta, Regional Manager of the United Commercial Bank who was stationed at Rangoon, removes one of India's most distinguished and successful bankers. Those who knew Mr. Sen Gupta will appreciate how great this loss has been. He strove ceaselessly for goodwill with Burma and seeing that he did more than one special trip to New Delhi to preach his doctrine at a time when it was not so acceptable here, he should be given not a little credit for the present agreement which is one of the first fruits of the goodwill he sought so strenuously to expand. Comparisons, they tell me, are odious (although one hears them every day!). But I shall make myself guilty of at least one superlative offence. We will never find the equal of Sen Gupta in his Burma operations.

ARGUS.

SPECIAL ARTICLES

REAL OUTPUT IN INDIA, 1948-51

THE final report of the National Income Committee, the full text of which has been published this week, does not materially supplement our knowledge of the National Income of India. The progress in the three years since the first report of the Committee, signed in April 1951, has only reinforced the conclusion that the estimation of national income of this country has to be based on imperfect data and methods of estimation which may range from mere guess-work to rough approximations based on empirical data. The Committee has also been forced to conclude that the "nature of data used for national income estimation precludes any possibility of estimating this error in a statistically valid sense". In an attempt to affix a notional magnitude of the error, the Committee has been able to say that the margin may work out to 10 per cent of the estimate of the domestic product, but it has also been conceded that this margin may possibly be somewhat higher even in respect of the aggregate results. In particular sectors, it is not denied that the uncertainty might be greater.

The final results are summed up in the two tables presented below. The variations in real product are shown over the three years 1948-49, 1949-50 and 1950-51, in Table I. As they are worked out in constant (1948-49) prices, the comparison with net national output at current prices (Table II) is useful to indicate the influence of the price factor. It may be interesting in this connection to compare the trends disclosed in the estimates made by the National Committee and the tentative estimates of "The Eastern Economist".

	Net Output (Rs. Abja)		Per Capita (Rs.)	
	N.I.C.	E.E.	N.I.C.	E.E.
1948-49 ..	86.5	67.7	246.9	195
1949-50 ..	90.1	72.0	253.9	205
1950-51 ..	95.3	77.0	265.2	216

The movements shown are close enough to warrant the faith in the view that an estimate of the national income, however roughly made in view of the difficulties in obtaining reliable information, may serve as a guide to the general trend of economic progress. The National Income Committee, having allowed for a margin of error of over 10 per cent in the aggregate, cannot seriously claim special value for its estimate at current prices. It seems unlikely that this error would be claimed to be on the side of under-estimation. Though the National Sample Survey Report indicated this possibility at one stage, the National Income Committee has now felt reluctant to regard the N.S.S. data as "sufficiently reliable" under Indian conditions.

"The Eastern Economist" estimates seem slightly more optimistic, showing a very slight improvement in per capita real output over the three years, but essentially there is no substantial difference disclosed in the general trend over the three years. The National Income Committee's methods of estimation have not necessarily been as elaborate as the long interval of three years between the first report and the final report suggested. The estimates are based on data gathered for only one of the three years, to the extent of nearly 30 per cent of the total income. Where estimates have been based on the income method, the calculation of the working force, average income in various professions, income from house property and so on have not been assessed separately for each year. Annual changes are reflected only in agricultural and mineral output, net income from organised industry and the other tertiary sectors for which regular published data are available. A second source of discrepancy is apt to arise from the fact that the National Income Committee has not used a regular standard like the Cost of Living or Wholesale Price Index for deflating the income at current prices, but many separate yardsticks for each

TABLE I
VARIATION IN REAL PRODUCT IN THE INDIAN UNION
(Base 1948-49)

Items	1950-51 Rs. abja*	P.C.	1949-50 Rs. abja*	P.C.	1948-49 Rs. abja*	P.C.
1	2	3	4	5	6	7
Sectors using product approach						
1. Agriculture, animal husbandry and ancillary activities ..	42.3	47.8	42.6	48.3	41.6	48.1
2. Forestry ..	0.7	0.8	0.7	0.8	0.6	0.7
3. Fishery ..	0.4	0.4	0.3	0.3	0.3	0.3
4. Mining ..	0.7	0.8	0.6	0.7	0.6	0.7
5. Factory establishments ..	5.4	6.1	5.4	6.1	5.5	6.4
TOTAL ..	49.5	55.9	49.6	56.2	48.6	56.2
Other sectors						
6. Small enterprises ..	8.7	9.8	8.6	9.8	8.7	10.0
7. Communications (posts, telegraph and telephone) ..	0.3	0.3	0.3	0.3	0.3	0.3
8. Railways ..	2.0	2.3	1.9	2.2	1.7	2.0
9. Organised banking and insurance ..	0.6	0.7	0.6	0.7	0.5	0.6
10. Other commerce and transport ..	13.7	15.5	13.6	15.4	13.5	15.6
11. Professions and liberal arts ..	4.5	5.1	4.6	5.2	4.3	5.0
12. Government services (administration) ..	4.3	4.9	4.1	4.6	4.0	4.6
13. Domestic service ..	1.2	1.3	1.2	1.4	1.2	1.4
14. House property ..	3.9	4.4	3.9	4.4	3.9	4.5
TOTAL ..	39.2	44.3	38.8	44.0	38.1	44.0
Net domestic product at factor cost ..	88.7	100.2	88.4	100.2	86.7	100.2
Net earned income from abroad ..	—0.2	—0.2	—0.2	—0.2	—0.2	—0.2
Net national output at factor cost=national income ..	88.5	100.0	88.2	100.0	86.5	100.0

* abja=100 crores P.C.=per cent.

Source: National Income Committee Report.

category, according to the income or product approach. There is a variety of other assumptions in regard to particular groups of activity which preclude specific conclusions on the details of the variations in particular fields.

The more meaningful conclusions from the National Income Committee's estimates are easily stated. Compared with the increase of 7.4 per cent in the per capita national income at current prices, real product per capita has remained practically unchanged, a slight increase in 1949-50 having been more than wiped out in the following year. There has been no material shift in favour of any particular sector. The slight increase in the income at current prices in the primary sector was not enough to offset the increase in prices. These years were also a period of declining industrial production, and in spite of price increases, the position was unchanged.

The significance of this stagnation in real per capita product must be stated only in terms of the rate of progress sought in the Plan. There is here prima facie evidence for the lack of progress immediately before the Plan commenced; there was of course no serious deterioration either. But the unofficial (Eastern Economist) estimates for 1951-52 have shown that in this first year of the Plan there was a setback, with a net fall of about 2 per cent in the per capita real income from the level of 1948-49.

The National Income Committee's Report has sought to lay the foundations for the work of official estimation of national income and nothing more has been claimed for the result in view of the uncertainties. The vast field that is open to research workers and private organisations has been emphasised again and again in the Report. As a work of compilation, of the material assembled in various fields by various agencies, there can be differences mainly on the structure of the compilation. There is little discussion of these matters by the members of the Committee or reference to any of the opinions of the foreign experts associated with them, showing, perhaps, that the stage for contemplating refinements of technique has not yet arrived.

TABLE II.

COMPARISON OF MOVEMENT OF NET NATIONAL OUTPUT AT CURRENT AND CONSTANT PRICES

	Net output (Rs. abja*)		Per capita net output (Rs.)	
	Current prices	1948-49 prices	Current prices	1948-49 prices
	2	3	4	5
1948-49 ..	86.5	86.5	246.9	246.9
1949-50 ..	90.1	88.2	253.9	248.6
1950-51 ..	95.3	88.5	265.2	246.3

* abja=100 crores.

Source: National Income Committee Report.

BRITAIN: THE BUDGET AND THE SURVEY

THE British Economic Survey for 1954, anticipating the budget by a few days, had prepared the public to expect no surprises, and the very tame budget which was introduced by the Chancellor last Tuesday was, therefore, exactly what the markets had expected. The reasons for this lack of originality, which seems prima facie so entirely out of character, in view of the Chancellor's previous performances, are, however, not difficult to explain.

It is premature, for one thing, to budget for an American depression yet. Advance preparation against the probable course of events on the worst of interpretations, in the shape of remissions of taxation at the present time, may mean merely an increase in consumption, and this may be quite unwise, at a time when it is still not by any means established that the home demand within Britain itself is falling off, or that investment within the Commonwealth cannot be adequate even if the home demand falls off, or that the much-needed acceleration of private industrial investment at home cannot keep the productive capacity of British industry quite usefully employed. If tax reductions are out of the question at the present time, tax increases have proved to be equally unnecessary, because of the normal growth of the revenue. Moreover, tax reduction cannot well be even thought of, so long as unemployment figures in the United States continue to mount day by day, thus advertising constantly the possibility of a world-wide slump. Caught between these pressures, the British Chancellor has found that for once to do nothing or almost nothing may be not only the easiest but also the best policy.

Except for the very important point of principle which the Chancellor has conceded in this budget, namely, that tax-free depreciation grants should be allowed to industry, in order to help the private sector to undertake re-equipment, the budget makes no positive contribution. The cumulative effect of the changes made on previous occasions, however, has already been apparent for some time in the British economy. The subdued if somewhat unoriginal tone of the Economic Survey and its generally optimistic conclusions reflect this improvement. For once, the sense of crisis is absent. So is the demand that relief should be given—although something could have been done to pensions, or the undistributed profits tax or the earned income allowance. The Chancellor has not gone into these refinements for the obvious reason that they are not important. In the result, an increase in private industrial investment within the United Kingdom itself and acceleration of the flow of investment abroad are about the only problems with which the British Treasury has been immediately concerned.

It is pertinent to record what seems to be a reversal in the traditional British attitude in this matter. That attitude till very recently could justifiably be described as ambivalent; those in authority were in two minds about investment. So long as resources were scarce, and the demand on these was considerable, because of the growth of the Welfare State, there was, indeed, some reason for the fear that the need for investment outside the United Kingdom might conflict with the need for improving British industry. Now that the deterioration in the fortunes of sterling has been arrested, both because the rate of production has improved and because welfare is not being extended, it has been possible, however, for some time to think that investment in the Commonwealth and investment at home are not necessarily in conflict. On the other hand, British financial policy now aims at a surplus of £300 to £350 million in its balance of payments, which is deliberately intended to be invested overseas. An increase in investment at home and in the outflow of capital abroad are the objectives. In the existing state of affairs, this is the one policy which a British Chancellor can safely pursue, in the knowledge that it is bound to strengthen sterling.

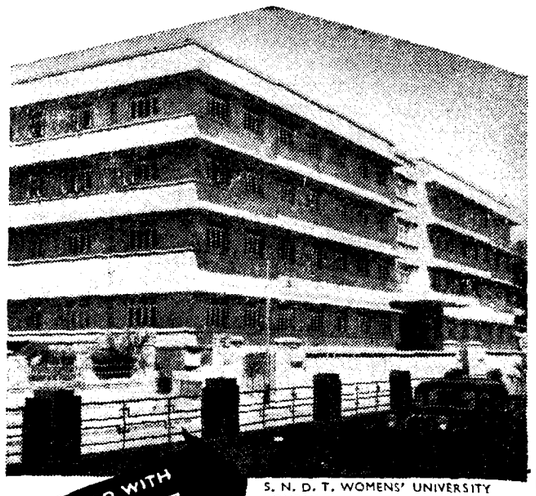
There is much that is still uncertain regarding the international status of the pound. There are disagreements regarding preference. The approach to convertibility, if not convertibility itself, is also by no means clear; and there is the uneasy feeling that much of the current strength of sterling may be due after all merely to mutual security aid, American military and tourist expenditure, and the temporary inflation in the value of the exports of aircraft and ammunition, in the abnormal conditions of today. To cap this all, there is also now the virtually unending suspense regarding what the United States will do. Naturally, the grandiose plans of earlier years regarding a fully convertible pound are now, therefore, very much out of date. But at a time when the future is thus inscrutable, even if it is not dark, there may, however, be some virtue in an attempt to circumvent all these difficulties, by concentrating on a few clear and immediate objectives about which there can be no dispute. A growth in British industrial production, facilitated by an attempt to develop the Commonwealth under British auspices, is one such clear-cut objective. An attempt to force the pace of this development may have the incidental but not unimportant virtue of making the Commonwealth as a whole less dependent on what happens in the American orbit. This is the rationale of the major change in taxation in the present budget.

This is a goal which is all the more to be recommended, because it is only the projection in effect of all the recent trends in the British economy. In the year 1953, the capital outflow from the United Kingdom to the rest of the world amounted to £207 million. The bulk of it, namely, more than seventy-five per cent, was an outflow from Britain to the rest of the sterling area. The important change in the situation is that this was what Britain was able to afford. The very considerable increase in steel production in recent years, the bumper harvests, the very great reduction in short-time working last year, and the steady improvement in the terms of trade since mid-1952 are all indications of growing prosperity, even if that growth is not any longer very spectacular.

As for technology, the record of the petroleum industry, which has increased its exports by thirty-five per cent in value over a period of one year, shows that the adaptability of British production to the changing needs of the world is still very great. At the same time, the reduction in the number of varieties of sterling, which has just been announced, is bound to make the rest of the world anxious to increase the use of sterling as a reserve; and this is bound to make the supply of sterling relatively scarcer in relation to the demand for it.

Obviously, it will not be realistic to overlook the many minor difficulties which still persist—German competition, for example, or the inability of India to take advantage of the facilities offered by the London market. But the difficulties on the whole are of only marginal significance. Whether or not the long-term plans for sterling are satisfactory, the immediate and prospective outlook is much better than it has been for a very long time, and the ambitions of the Treasury to improve the economy further in the direction of rehabilitating industry, and resuming Britain's traditional career of overseas investment, are quite legitimate.

There are occasions when budgetary policy has to be more or less neutral. The present is one such occasion, for no prima facie ground for interference with natural trends in the British economy can really be said to exist now. By recognising that the existing situation is one which can be described in these terms, the British Government has denied itself the pleasure of displaying what looks like originality or initiative. But that does not matter. The main thing is that the pound is today a much more popular currency than it has been for a very long time.



IMPERIAL BANK OF INDIA

INCOME-TAX RETURNS PREPARED AND CLAIMS MADE ON BEHALF OF CONSTITUENTS

Local Head Office
CALCUTTA - BOMBAY - MADRAS
and Over 400 Branches
and Sub-Offices throughout India, Pakistan, Burma and Ceylon.
London Office
25, Old Broad Street

THE BUSINESS WORLD

COAL IN 1953

The Presidential address delivered recently at the twenty-first annual general meeting of the Indian Colliery Owners' Association at Dhanbad covers for the most part ground which has been already well-covered in many other memoranda and speeches—in particular the Chairmen's speeches on similar occasions at the recent annual general meetings of the Indian Mining Association and the Indian Mining Federation. This is inevitable. Notwithstanding that the coal industry has been split into rival groups by controversies regarding many issues which are of vital importance to it, there is considerable agreement regarding many matters and quite a lot of common ground, and in view of the fact that production in 1953 was lower than in 1952, it is of some importance now to understand these common grievances.

If we disregard for the moment the major problems raised by the suggestion that the Colliery Control Order, which is now quite out of date, should be revised, and that prices should favour the higher qualities so that the price differential in their favour is considerable enough to make the production of these higher grades worth while, we are still left with the following substantial grievances of the industry:

(i) the present scheme of rationalisation of transport has not been a success and must be replaced,

(ii) the continued payment of bonuses unlinked to productivity is a strain on the industry's finances,

(iii) the recent reduction with effect from the 18th February, 1954, of the price of Grade II coal without consultation with any of the three associations representing the industry has reduced the margin of profit,

(iv) in view of the increase in costs ranging from 20 per cent to more than 100 per cent, the least that can now be done is to convert the industry's liability to bear the burden of the concessional supply of rice into cash.

There is nothing new about these demands. It has not been entirely meaningless, however, to press them. The following facts are, in particular, relevant.

The rationalisation of transport, if strictly enforced, destroys all contact between the colliery and its customers and, in a competitive market, this is bound to lead to complications as, indeed, it has already done. There is a comparative glut of Selected Grade B coal, for example. This can be used in replacement of Selected Grade A, if the consumers so choose, just as run-of-mine or slack coal can optionally be used, if it is found to be a satisfactory substitute for steam coal. It will simply be arresting progress (and a confession of the inadequacy of the transport system) to interfere with the consumers' choice of coal. Fortunately, the time seems to be opportune for a reconsideration.

The review of the Conciliation Board's Award, as interpreted by the Joshi agreement, will also be timely now. A Tribunal has just been constituted in order to go into the points raised by the Indian National Mineworkers' Federation and its terms of reference can be widened so as to facilitate a full-scale re-examination of costs and productivity.

The appointment of a committee which can review the entire price structure with a view to introducing at least some marginal changes—without undertaking the full-scale revision which, as already suggested, might still be impossible—will help the collieries' financial position. Contrary to the popular impression, it need not necessarily inflate costs, for economies in the use of the higher-priced varieties are possible and will be explored in the event of any such price adjustments.

The coal industry will benefit generally in the immediate future, if the common measure of agreement which is found today among the three principal organisations representing the producing interests is not just ignored as other representations have been. The industry's benefit need not be at the cost of labour, if productivity per man shift improves, or at the cost of other industries, if the use of coal is rationalised, as it will probably be. Uneconomic collieries, however, will be helped to become economic and more worthy of being preserved—which will be a considerable improvement on the existing state of affairs.

There are two schools of thought regarding the future of Indian collieries. One regards them as well-established and in need of expansion. The other is convinced that the existence of uneconomic collieries, which would not have come into existence but for the war, and the price which has been fixed and maintained for the lower grades of coal, is a drag on the industry at best. It is unnecessary to discuss this problem of the number of collieries at present, however relevant it may be to such issues as the revision of the Colliery Control Order, the availability of transport and the working of the rationalisation scheme and the establishment of central washeries. Like the price problem itself, this is ticklish and complex and there would be hardly any reason for the hope that a policy regarding the number of units in the industry can be formulated and implemented.

Something can be done for the industry, nevertheless. The suggestions which have recently been made or reiterated, namely, that rationalisation of transport should be reconsidered, that bonuses should be linked to production, that the industry should at least be consulted in future regarding the price structure, and that it should also be relieved of its uncertain burden for the supply of foodstuffs can all stand on their own individual merits.

LAPSE ABOUT LAPSES

By

CROESUS

In a previous despatch of mine, I had undertaken to dwell on a few more aspects of "The Indian Insurance Year Book, 1953", but important events of topical interest prevented me from devoting the required space to these in either of my last two weekly despatches. This week, however, I cannot plead the same excuse, because it has been a week of nothing but insurance matters. There was first the twenty-sixth annual general meeting of the Indian Life Assurance Offices' Association, which was followed by the Ninth Insurance Conference, and, as if these were not enough, there was also the meeting of the Executive Committee of the Life Insurance Council. I believe the last of these was a very important meeting arranged post-haste by the Union Finance Minister. Following several representations—telegraphic, written, and personal—made to

him apprising him of the seriousness of the situation created by the recent drastic reductions in life insurance premium rates by a few of the leading insurers, I understand, Sir Chintaman Deshmukh deputed Mr. K. G. Ambegaokar, his able Secretary, to Bombay not only to preside over this meeting but to make an on-the-spot study of the developments in the life insurance world. The next few weeks should disclose the outcome of this meeting. In all probability, without even the Government intervening, as suggested in certain quarters, the rather unfortunate situation arising from the recent premium rates reduction will get straightened out. But let me once again not deviate, as I seem to be doing, unconsciously though, from the task I have set unto myself.

I noted that, in his inaugural address to the Ninth Insurance Conference held here on April 2, 1954, Sir Cowasjee Jehangir, Bart., expressed particular concern at the high lapses of recent years. "The high lapses of recent years", he said, "must be due to the sharp reduction in income of many individuals since the termination of World War II and to the fact that the cost of living has not yet gone down to the extent one would have expected even after eight years since the war terminated". He not only endeavoured thus to explain the reasons for the high lapsation but also indicated how it could be arrested. Said Sir Cowasjee: "Proper selection and training of agents would no doubt check the evil of excessive lapsation to some extent, but, so long as there is a large predominance of part-time agents who do not take sustained interest in their work over long periods, a considerable part of the value of selection and training will be lost to the companies".

I cannot help contrasting this with the cavalier way in which the Controller of Insurance has dismissed the question of lapses. Paragraph 12 of his report in the latest "Insurance Year Book" says just this: "The lapses have been fairly high during the past few years. This appears to indicate that much of the business done during the war and immediate post-war years was of poor quality and, in some cases, even spurious". Surely, the lapse problem is more important than this to be dismissed so briefly or lightly. This serious lapse is not even made up in the table showing percentage of lapses (in sums insured) according to mean duration, out of the new business of specified years. Why, for instance, has not the Controller of Insurance given the overall average ratio which he could very easily have done? Does it not occur to him, when he himself refers to "spurious" new business, that, without giving both the total business and the new business in a year of a life insurance company, as is the practice in America, the reader cannot have an accurate idea of the real progress of the company? In the way in which he has presented the lapse figures, I am afraid, he does not give the correct lead to the reader to appraise new business.

Lest I should be deemed dogmatic, I have compiled a table (given below) showing (1) total new business of both Indian and non-Indian insurers, (2) best average lapse experience, (3) total effective new business, and (4) difference between (1) and (3) for the latest four years for which figures are available. Anyone can see, even from a casual glance at this table, the glaring disparity between the so-called total new business figures published year after year and the net effective new business for the same years. When the difference shows a wide variation over these four years ranging from about 29 per cent to as much as about 34 per cent of the so-called total new business, the position cannot certainly be viewed with any complacency.

It is not only the Controller of Insurance that has failed to give the correct lead thus. I hold that even the chairmen of our insurance companies mislead us more often than not, although I am prepared to concede that they do so only unwittingly. When referring to the lapse experience of insurance companies, for instance, the respective chairmen speak of the experience of their respective companies, and may I ask, Mr. Editor, how many have seriously cared to ask themselves of what figure is this the percentage? It is an interesting essay, indeed, to compare the lapse percentage figure given by the chairmen with that for the same company for the same year as given by the Controller of Insurance. The latter is at least about three times the former—in many cases, it is very much more—as can be seen from the following lapse experience percentage figures relating to two leading insurers for the years 1946 and 1947:

	As given by the Company	As given by the Controller of Insurance
A (1946	.. 4.2	
(1947	.. 6.3	36
		38
B (1946	.. 6.3	
(1947	12.2	32
		35

If, after perusing these figures, the lay man were to ask which of these percentages is correct and which of these should be accepted, he would be merely voicing the reaction of any puzzled insured. Let me, however, hasten to point out that both are correct and both could be accepted, but—this is a very important 'but'—only after making oneself sure that, while the former represents the percentage of lapses to total business in force, the latter represents the percentage of lapses only in relation to the new business of a given year. I think this is a convenient point at which I can conclude this instalment of my analysis of the "Insurance Year Book".

(In Crores of Rupees)

Year	Total New Business			Best Average Lapse Experience			Total Effective New Business			Difference between New Business and Effective New Business		
	Indian	Non-Indian	All-Insurers	Indian	Non-Indian	All-Insurers	Indian	Non-Indian	All-Insurers	Indian	Non-Indian	All-Insurers
1946	140.9	12.9	153.8	41.8	2.4	44.2	99.1	10.5	109.6	41.8	2.4	44.2
1947	126.5	13.1	139.6	45.5	2.3	47.8	81.0	10.8	91.8	45.5	2.3	47.8
1948	121.7	12.9	134.6	40.1	2.0	42.1	81.6	10.9	92.5	40.1	2.0	42.1
1949	130.0	12.2	142.2	58.1	1.7	59.8	71.9	10.5	82.4	58.1	1.7	59.8

PREMIUM RATES IN INDIAN INSURANCE

By

CROESUS

After carefully analysing all the addresses and speeches, made last week, of eminent men connected with life insurance in India, I could not resist forming the impression that all is not well with Indian life insurance. Maybe, there are Indian life offices which are quite longstanding, even as there are life offices' organisations like the Indian Life Assurance Offices' Association (I.L.A.O.A.) which celebrated its Silver Jubilee only last year with such great eclat. If, in spite of it all, Sir Cowasjee Jehangir, Bart., who inaugurated the Ninth Insurance Conference, and Mr. S. D. Srinivasan, the outgoing President of the I.L.A.O.A., both feel called upon to appeal to life insurers that they should take concerted and not unilateral action, it is clear that things have not been moving smoothly enough. The premium rates reduction issue is apparently only the latest of a series of unfortunate happenings in relation to life offices in India. The cat was out of the bag when Mr. Srinivasan declared that, due to the faulty method of representation on the Life Insurance Council, a situation had been created wherein the Executive Committee of the Council—the statutory body—and the Executive Committee of the I.L.A.O.A.—the real and accredited representative organisation of life insurers in the country as a whole—could not see eye to eye with each other. He actually went so far as to complain that, "while one body (I.L.A.O.A. Committee) offers its co-operation and seeks it from the other (the statutory body), the statutory body does not take us into confidence". Here, perhaps, is the explanation for all the criticism about, and opposition to, the Code of Conduct, prepared by the Life Insurance Council. This has naturally affected the prestige of the I.L.A.O.A. with the Government, and the retiring chief of the Association was perhaps right in holding that, "if some of our representations did not get their due consideration from the Government, it was because of the fact that the Association did not always succeed in putting a solid front". That is, indeed, "a sad confession to make". But, even after this disarming frankness, it is a pity that there is still not the fullest realisation among members that "individualism must be sacrificed for collectivism". In urging insurers "to cease to be selfish for their own narrow gains" and in asking them "to be prepared to serve themselves by serving insurance as a whole", therefore, Mr. Srinivasan did the most appropriate thing. It, however, remains to be seen what effect these counsels will have on the insurers and on the future course of life insurance business in this country.

There is, however, one thing that many may not approve of in Mr. Srinivasan's address. It is the threat which he held, whilst referring to the recent premium reduction race, that, if those insurers who have reduced their rates of premium failed to revise their decision, the only remedy he could see was "for the Executive Committee of the Life Insurance Council to recommend to the Government bases of minimum premium so that the latter may declare that no insurance company can quote a premium lower than the minimum arrived at on the above bases". I am not so much bothered about the threat aspect of it as such as about the implications that would follow if the threat were actually to materialise, namely, more Government control. Mr. Srinivasan himself realises that his threat amounts to inviting more and more interference from outside authority. And although he seems to have reconciled himself to a degree of Government control—as, indeed, many are under a Planned Economy—the ex-chief of the I.L.A.O.A. has also observed—and wisely, I think—that even a statutory body should, to serve its purpose well, "be content to indicate the essentials, leaving the question of details to the initiative and imagination of the executives who must be given at least freedom within limitation to serve the trade they ply". I do not know whether Mr. Srinivasan considers the question of premium fates as one falling under the category of "essentials" or "details", but even if he should include it among "essentials", I consider not only that it can well be left, but that it is best left, to the initiative and imagination of the executives of insurance offices.

On the other hand, Sir Cowasjee held the balance properly when, in the course of his inaugural address, he pleaded for healthy competition as well as for united action. At the same time, he also sounded a timely note of caution, when he remarked: "The business of life assurance has this peculiarity that it grows very slowly, but the slow onward march it takes is on solid foundations. If, disregarding this essential characteristic of the business, any unit tries to walk faster, much faster than the steady growth of business will warrant, the unit will meet with nothing but disaster." In other words, he deprecated the race among insurers for spectacular business records at any cost.

There is one another aspect of Sir Cowasjee's address that strikes me as very important and deserving of prominent notice. It is his appeal to insurers to make the working class insurance-conscious. Thus, after alluding to the low per capita insurance in India, he said: "No doubt much headway has yet to be made, but, in this context, the recent shift in income from the middle class to the working class imposes on insurance companies a new responsibility, viz., to put forth special efforts for making the working class insurance-conscious and inculcate in them the habit of thrift and saving. Whether and, if so, how soon the middle class, which so far had been the backbone of Indian insurance clientele, will be able to rehabilitate itself and regain its pre-war economic strength is more than I can say, but insurance companies would do well to pay greater attention than they are doing now to build up clientele among the working class section of the population".

As I had occasion to remark in one of my earlier despatches on the "Insurance Year Book, 1953", very little is being done by our insurers to take insurance to the doorsteps of our common folk, alike in the cities and in the villages—the workers and the cultivators. But it is here that a really fertile field exists for exploration, as also for service. Indeed, it is with a genuine spirit of service that these sectors need to be approached, and never with that purely business mentality which gives up underwriting small sums of insurance merely on the score that it entails enormous work and offers a very low margin of profit, if at all.

A SPECIAL OFFER

"The Eastern Economist" makes a special offer: Any set of "The Eastern Economist" publications of value Rs. 6 and Rs. 10 can be had for Rs. 5 and Rs. 8 respectively. Postage Extra.

THE MANAGER,
THE EASTERN ECONOMIST
52, Queensway,
NEW DELHI.

BUSINESS NOTES

BULL MARKET IN GOLD

The sizable advance in the Bombay bullion market in recent weeks is, as is not unusual, somewhat inexplicable. It can be explained, if at all, only in terms of the belief that confiscated gold is unlikely to be released to the market and that the inflow through Beirut and the Persian Gulf and the Portuguese territories cannot be considerable. In these circumstances, the undertone is firm in sympathy with the other markets and bullion prices seem to be set for a rise till the technical position makes a reduction necessary or the authorities choose to intervene with sales, whichever is earlier.

The current trend seems to have been heavily influenced by the expectation that deficit-financing on a considerable scale is bound to result in an inflation of prices. This bullish sentiment is undeniable. The world trends in the free market gold prices and official disapproval of unjustified price levels internally are, however, bear factors in the long run, and presumably, this will arrest the increase in prices before it has gone too far.

NEW LEAF FOR TEA

The Commerce Minister's address to the reconstituted Tea Board has highlighted two of the still unsolved problems of the Indian industry, namely,

(i) an increase in the volume and quality of propaganda for spreading the tea habit internally, and,

(ii) quality control and propaganda intended to increase exports up to the full quota which is permissible under the International Tea Agreement.

Without reflecting on the achievements of the previous Board, it is possible to hold the view that there has been an attitude of pessimism so far regarding these matters. It is widely believed that with proper blending and the elimination of the profits of middlemen, the enforcement of standards of picking, and the inspection of the preparation of tea, the internal sales can be stepped up very considerably. Similarly, missions to Canada and Western Germany have been planned and if these markets are anything like that in the United States, India may hope to gain from ad hoc arrangements intended to increase the consumption of tea in general, the particular varieties not being so very important. There is much that the new Tea Board can do if it is prepared to undertake field work and is equipped with the necessary finances.

THE FUTURE OF PEPPER EXPORTS

The steep downward trend in pepper prices in the last few days has caused considerable concern in the principal trading centres in this commodity. This is not merely an issue in which the trade in this commodity is concerned, but it has also a national importance in view of the fact that since the war, pepper has become one of India's valuable dollar earners. The prices of pepper at Alleppey slumped last week to Rs. 1,500 per candy (of 675 lbs.) which marks the lowest level in the post-war period. It is in sharp contrast with the all-time peak of Rs. 3,000 per candy attained in 1952. The price-fall, however, is in sympathy with the pronounced trend in all commodities in the present final stage in the transition to the buyer's market. However, the proximate causes that have hastened the rate of the decline may be noted. The United States is for the present quite indifferent in the matter of imports. Indonesia finds the stalemate created by the absence of sales for Hong Kong on the conventional barter basis difficult to break. Sarawak, another competitor to be reckoned with, is placed in no better position. The absence of enquiries from importing countries is explained by the assured forecast of the new world crop placed at 100 million lbs., or 25 per cent above this year's crop.

The current phase, however, need not be interpreted as a forerunner of a prolonged trend nor can demand and price situation be regarded to stabilise at low levels. Even the new crop of 100 million lbs. is only two-thirds of the pre-war global output of 150 million lbs. As against the United States' last year's consumption of 30.5 million lbs., the pre-war figure was as high as 50 million lbs. The dollar market can be expanded to this level. The headway which Indian pepper made in the post-war year was largely due to delayed rehabilitation in Indonesia, but her re-emergence does not necessarily narrow down the scope of export in the near future. Indian pepper has won a definite preference in the U.S. with large grinders and so strong is this bias that the lesser dealers too find it incumbent to use Indian pepper or the Indonesian variety as a mixer with Sarawak supplies. What the Indian growers and trade need to be scrupulously careful about is to observe standards of quality and to prevent violent price fluctuations by the establishment of a healthy forward market. The lines on which the second objective can be fulfilled will be indicated by the Forward Market Commission.

WEST BENGAL'S ECONOMY

The recurring manifestations of instability in the economic conditions of West Bengal have been followed usually by ameliorative measures which do not seem to have gone much beyond treating the symptoms of the malady. A planned cure on a long-range basis is not being evolved on the basis of full public discussion of what would be most appropriate in the situation. It is by organized action that the prevailing instability can be removed and an element of security injected into the economy of the State. Mr. Pannalal Saraogi's presidential address at the fifty-fourth annual general meeting of the Bharat Chamber of Commerce, Calcutta, invites attention to this specific problem.

The basic fact which emerges in an analysis of this problem is the utter inadequacy of the agricultural resources of the State to provide sustenance to its economy and this inadequacy has proved to be gross with the increasing burden of population imposed by influx from East Pakistan. Mr. Saraogi starts with the premise that vitality must be imparted to the economy through a greater cencentration of resources on industry, trade and commerce. No consolation can be derived from the fact that West Bengal is one of the leading industrial States of India. Recent trends reveal a decline in the level of industrial growth in every respect. The decline is visible not only in the rate of establishment of new factories—from 179 in 1949 to 37 in 1951—but in factory employment also which registered a marked fall from 7.03 lakhs in 1945 to 6.27 lakhs in 1952. Mr. Saraogi attributes this deterioration, which is in sharp contrast with improvement in these spheres in other States, to the disruption of industrial peace by irresponsible guidance of the trade union movement. But other causes of the worsening state of affairs are also emphasized by him. Jute, cotton and paper mills and chemical or paint factories account for only a small part of the industrial life of the State. The major share is held by medium and small-sized industries among which the engineering units are easily quite important. While they have been subjected to the liabilities of labour legislation, their requirements not merely for expansion but even for holding current levels have failed to attract Government's attention. Only in recent months tangible hope has been extended to them in the shape of the projected State Finance Corporation. As an effective remedy to tackle the growing problem of urban middle-class unemployment, Mr. Saraogi puts forward the proposal for setting up a broad-based organization to prepare, what he prefers to call, unit schemes for industrial undertakings to be dovetailed into the projects arising from the Plan. The essential idea is to run the organisation on an autonomous basis for training of young men preliminary to their starting the units on their own. The Chamber's active co-operation in this scheme has been promised. Finally, emphasis is placed on the urgent need to renew the support of the hinterland to the flow of trade through Calcutta as also on the full revival of trade between the two Bengals.

RAILWAY COLLIERIES

The new administrative arrangement which puts an end to the bifurcation between the ownership and management of the railway collieries from April 1, 1954, has been introduced in the belief that it will open a new chapter of efficient working and cohesion in the affairs of these collieries. The separation of management from ownership was effected about a decade ago on June 1, 1944, when, with the introduction of control on coal, the functions of production and distribution of coal from the railway collieries were vested in the former Department of Supply. The assumption of all managerial functions by the Coal Commissioner was regarded as conducive to conservation of coal supplies and elimination of waste either in outlay or distribution. How far this separation actually helped to fulfil these objectives is a highly debatable question. The spate of vehement criticism raised against financial waste and heavy losses, on the floor of Parliament three years back, is a reminder that the transfer of management did not straighten out matters. The devolution of ownership from the Railway to the Production Ministry from the current financial year need not, by itself, be regarded as a guarantee of efficient and economical management. The Production Ministry will still have to tackle a difficult problem in rendering a satisfactory account of its stewardship. Consequential changes in the capital-at-charge and estimates of revenue and expenditures in the Railway Budget are still to be finalised.

Production in the eleven railway collieries in 1952-53 improved marginally by 1.28 per cent above the previous year to 3,196,239 tons. The quantities actually dispatched in that year were sufficient to meet 24 per cent of the requirements of the railways. Financial working during 1952-53 showed progress in the efficiency of management. For a total capital outlay of Rs. 728.23 lakhs in that year the overall profit was Rs. 61.21 lakhs. This increase of a little below Rs. 50 lakhs above the preceding year was largely the result of larger output and economical management, but it should not be overlooked that six collieries were operated at a loss ranging as high as Rs. 22.55 lakhs in the case of Kurharbaree colliery. There is ample room for economy in expenditure and increase in output. Surplus labour, particularly in the Giridih Railway Collieries, reckoned at two thousand, continues to be a big question mark. Since these collieries possess the advantage of assured consumer demand for their total output, they should be in a position to show a much better performance than privately operated units.

ORIENTAL'S MUTUALISATION

The safety approach which the Oriental Government Society Life Assurance Company has preferred to accept in putting through its scheme of converting the present character of the concern from a shareholders' into a policyholders' company has almost carried the project to the final point. Only one question, on which the company and the Government are unable to see eye to eye with each other, remains to be smoothed.

In fact it was not incumbent on the Directors of the company under the law to obtain the approval of the Government for going ahead with the plan of mutualisation. But the status of the company among the premier life offices in this country and the magnitude of its funds influenced the company's decision to obtain the Union Government's sanction for the plan of mutualisation. The main issues, in so far as the present policyholders are concerned, were the rate at which compensation for the shares should be fixed, the mode of its payment and safeguards for their interest in the concern until payment was made in full. The rate of compensation is reportedly settled at Rs. 8,800 per share. Immediately, the shareholders are to be paid through the medium of debentures of five years' maturity, with interest at the rate of 4½ per cent, the actual payment being made in equal annual instalments from now. Until the debentures are fully repaid, the debenture holders are to retain their own representation on the Board of Directors of the mutualised company, but the number of their Directors is to be reduced in stages in proportion to the quantum of the outstanding balance of the amount of debentures. In this context, it may be worth noting that the paid-up capital of the company is Rs. 6 lakhs divided into 3,000 shares of Rs. 200 each. The rate of Rs. 8,800 per share fixed for conversion is pitched above the highest quotation of the scrip on the stock exchange in the recent past because of the element of compensation.

The life fund of the company amounts to Rs. 63 crores. In view of the role of the company as an investment institution and the contingency of representation of the policyholders on the Board of Directors not taking place on the right lines, according to the Government's point of view, there is the need for putting on the Board certain nominees of the Government. Apart from the absence of a statutory obligation in this regard, the company finds itself unable to appreciate what basis in equity this demand has. This issue of divergence is expected to be settled early.

INDIA'S TARIFF NEGOTIATIONS

In pursuance of the permission granted to India by the Inter-Sessional Committee of the General Agreement on Tariffs and Trade at its meeting held in February last, India opened on April 4 her negotiations with the countries concerned for an upward revision of the tariffs which she has accepted under the prevailing agreement in respect of the specified commodities. India's approach has been motivated by a desire to seek a relaxation of the present commitments under G.A.T.T. with a view to shifting the emphasis from tariff rates to liberalisation of trade in quantitative terms. The new policy on specific tariffs is intended to coincide with a policy of imports on a more liberal scale than in the recent past.

The following is the list of goods on which India wishes to increase tariffs. Names of countries in brackts are those with substantial interests in the negotiations:

(1) Canned fish other than sardines and pilchards, (Canada, Britain and the U.S.A.) (2) Canned sardines and pilchards (the U.S.A.) (3) Champagne, other sparkling wines and still wines. France (Britain and Italy). (4) Toothpaste, tooth powder, talcum powder, powder, shaving soap and shaving cream. The U.S.A. (Britain.) (5) Lithopone (tin oxide for making white colour). Bebelux countries (Czechoslovakia, Germany and the U.S.A.) (6) Dyes derived from coaltar. Czechoslovakia, Germany (France, the U.S.A. and Britain). (7) Complete fountain pens. The U.S.A. (Britain). (8) Glass beads and false pearls. Czechoslovakia (Italy). (9) Safety razors and parts including blades, the U.S.A. (Britain and Germany). In the course of the negotiations, it is understood that countries may request compensation in the form of concessions in other

import duties by India in return for agreement to possible increases in existing Indian tariffs for the goods listed, or the reciprocal concession may take the form of accommodation by means of relaxation of quantitative restrictions on certain imports. The level by which the tariffs are sought to be raised by India on the above items will be revealed in the course of the negotiations. It will be seen that the commodities selected for re-negotiation bear higher duties since they may be classified as non-essential imports.

LARSEN AND TOUBRO'S NEW ISSUE

The response to Larsen and Toubro's latest issue of shares of the nominal value of Rs. 5 lakhs proved enthusiastic as anticipated and owing to over-subscription the lists had to be closed. This is an indication of confidence reposed by the investor in the sound management of the concern and the stable progress it has made in engineering and other allied enterprises. The new issue goes to meet the needs of capital expansion and makes an adequate addition at the present moment to the company's paid-up capital of Rs. 32 lakhs. For the last three years it has consistently declared a dividend of 10 per cent and the last available market quotation on March 30 shows that the scrip of a paid-up value of Rs. 10 sold at a premium of fifteen annas.

BRITAIN'S GOLD AND DOLLAR RESERVES IN MARCH

Britain's gold and dollar reserves rose by $102 million during March 1954. This compares with gains of $40 million in February and $25 million in January. Excluding North American debt payments in December of each year, the reserves have shown gains in every month since September 1952. But the March gain was the biggest for any month since April last year. This confirms previous indications of the sterling's growing strength. Late in March, the British authorities allowed the greatest technical freeing of sterling since 1939 and reopened the London gold market. All indications up to now are that these moves have been highly successful, probably even more successful than the British authorities hoped.

Defence aid from the U.S. during March was only $14 million against $31 million in February, and dollar receipts from the European Payments Union were only two million against seven million in February. Excluding these special items, the surplus thus jumped from only $2 million in February to $86 million in March, one of the highest monthly figures on record.

On March 31, the reserves reached a total of $2,685 million. At that, they are still well below the peak of $3,867 million in mid-1951. But they are well above their low level of $1,662 million in 1952.

Provisionally, the Treasury also announced a surplus of $4,800,000 with the European Payments Union in March. As half of the surplus is payable in dollars, and the other half by reducing Britain's E.P.U. debt, Britain's dollar receipt from the Union this month will be $7 million against $2 million in March.

According to the estimate of bullion experts, up to $15 million of the gain in reserves during March may have represented a sale of about 14 tons of gold by Russia to the Bank of England. In addition, about four tons of gold sold by Russia on the Continent is believed to have been resold on the London gold market since it reopened on March 22. Much of the gain in reserves during March may have been the result of purchases of dollars in the closing day of the month.

CLOTH EXPORT PROSPECT

External sales of cotton cloth have started looking up since the second half of March after a brief spell of dull enquiries. Most of the Indian varieties in popular demand in the overseas markets according to varying local preferences have shared in this turn for the better in exports. In the short-period context, it is reflected in a marginal increase of about 3 per cent. The important aspect of this market situation is not the level of price increase but the revival of demand after a static condition. In fact, it would appear that there is all the more a pressing need to demonstrate competitive strength of Indian cloth.

Burma has shown some active interest in placing orders. The general improvement in external demand is shown by Bombay mills booking business for delivery in June and Ahmedabad mills up to May. Indonesia and Ceylon have effected small increases in the volume of purchases, but Singapore which has built up an entrepot trade and Hong Kong have preferred to wait and watch—the latter on ground of prices. Exports to Australia have not registered great improvement. Turning to the markets to the west, East Africa and some of the Middle East countries have evinced interest in placing orders, but markets like West Africa are holding out due to price disparity. On the whole, the benefit of reduction in the export duty requires to be exploited by careful market studies and price incentives. This is the indication from the long-range outlook. Exports to the U.K. are restricted to specific varieties for the purpose of final processing of superior grades. But here a new source of competition ought to be recognized and its potential should not be underestimated. U.K.'s trade agreement with Japan has opened up a wider outlet of Japanese exports to Lancashire. Likewise, the energetic efforts to revive and stimulate trade with Eastern Europe have brought Russian cloth in direct competition with Indian cloth there. First favourable reaction to Russian supplies, on tests of quality and price, may be taken as the straw in the wind. All in all, although the period of revival has begun, in the longer perspective export promotion means improvement on the lines answering the importers' insistence on price as well as quality.

THE INDIAN OVERSEAS BANK

The incoming Chairman's tribute to the late M.ct.M. Chidambaram Chettiar, Chairman of the Indian Overseas Bank till his death, shows how greatly he will be missed. The Bank itself has had a most successful year, both its deposits and its net profits having been increased in 1953 as compared with 1952, and its liquidity continues to be extremely satisfactory. An increase in demand deposits and a fairly considerable increase in investments are both evidence of the fact that contrary to the general trend, an increase in working expenses has not reduced very greatly the operating margin.

The Indian Overseas Bank continues to have a considerable interest in exchange and overseas banking and the present Chairman's speech reflects the interest in economic development in Burma, Ceylon, Indonesia, and Malaya, where the working of the branches has during the last year been as profitable as within India itself. Operating over this more than normally wide territory, the Bank has been enabled to increase its remunerative business, without an equal or more than proportionate increase in costs.

COMPANY MEETING

THE INDIAN OVERSEAS BANK LTD. MADRAS

Extracts from the Speech delivered by the Chairman at the Annual General Meeting of the Shareholders held on March 31, 1954.

Gentlemen,

Before dealing with the ordinary business of the Meeting, I know that all of you would wish to share the abiding sense of grief that we in the Bank feel at the irreparable loss which we have sustained by the sudden and most tragic death of our Chairman, Sri M.Ct.M. Chidambaram Chettyar on the 13th March, 1954.

BUSINESS

The accounts indicate that there has been no falling off in the volume of business handled by the Bank. On the assets side of the Balance Sheet you will observe that there is an increase of Rs. 35 lakhs in our holding of Government Securities, Rs. 29 lakhs in Bills Receivable and Rs. 12 lakhs in Advances. On the other side, total Deposits at Rs. 996.73 lakhs show a small increase over last year's record figure.

OVERSEAS BRANCHES

All our Overseas Branches continue to progress satisfactorily.

STAFF

My predecessors have placed on record each year their appreciation of the loyal and willing co-operation of both Management and Staff, and I, in turn, wish to pay a tribute to the efforts that have been made to maintain a high standard of service to our constituents, at a time when new problems and difficulties are constantly arising.

LABOUR TRIBUNALS

In last year's report, mention was made of the declared intention of the Government to set in motion a machinery whereby labour disputes could be settled by conciliation and voluntary arbitration rather than by continuance of the present system of compulsory arbitration. It is unfortunate that no action has been taken to implement this intention which I am sure would go a long way towards developing a better spirit between the employer and the employee. In the Banking industry we still await the outcome of the appeal made against the Sastri Tribunal award. It will be remembered that in 1949, the Sen Tribunal was constituted to enquire into the salaries, allowances etc. paid by Banks and into the working conditions generally. We are now in 1954 and these problems are still unsettled. I need hardly say that the uncertainty regarding such vital matters are detrimental to the interests not only of the Banks but also of the staff, and in itself is a condemnation of the system whereby such matters are referred to compulsory arbitration. How can Banks be expected to plan ahead and provide banking facilities so badly needed in many parts of the country when their commitments in respect of emoluments to the staff and other relative matters remain an unknown factor?

BANKING AND MONETARY TRENDS

There was but a slight increase in the total of Scheduled Banks' deposits during the year from Rs. 845 crores to Rs. 849 crores, thus confirming the view entertained early last year that the downward trend of the post-war years has been halted.

Thanks to the timely monetary policy initiated by the Reserve Bank of India in the latter part of 1951, the severe inflationary pressures were largely eliminated in 1952, thus paving the way for fairly stable conditions for banks and money markets in the year under review. Variations, if any, in the banking trends were not only normal, but also gradual.

Advances touched a peak of only Rs. 533 crores, bearing a ratio of 64 per cent to deposit liabilities, as against the record figure of Rs. 600 crores with a higher ratio of 70 per cent in the previous year. Uncertain economic conditions were chiefly responsible for the restricted level of advances, as neither the trader nor the exporter was prepared to take any undue risks. Consequently there was quicker turnover of business resulting in the reduced volume of funds needed for financing the seasonal trade in the country. This prudent 'modus operandi' on the part of the traders and shippers served incidentally to impart a greater degree of liquidity to commercial advances as a whole.

The ease with which the banking system responded to the seasonal demand for funds was further reflected in the total borrowings of the Scheduled Banks from the Reserve Bank of India against Government Securities which in the first half of 1953 aggregated to Rs. 89 crores only as against Rs. 136 crores in the corresponding period of the previous year.

BILL MARKET

The inauguration of the Bill Market by the Reserve Bank of India in 1952 was very helpful when there was an unprecedented demand for funds. Even big banking institutions resorted to discounting of usance bills in the absence of open market operations. With the deflation in prices since March, 1952, however, the need for re-discounting usance bills has not been felt so keenly, as is evident from the fact that Scheduled Banks' indebtedness to the Reserve Bank, under Sec. 17(4)(C) of the Reserve Bank Act, against usance bills amounted to Rs. 60.8 crores only during the stringent months, January-June, 1953, as against Rs. 74 crores in the corresponding period last year. All the same the banking community has definitely accepted this scheme as a solution to the stringency in the money market and encouraged by its success, the facility thereunder has since been extended to Scheduled Banks having a deposit of Rs. 5 crores also, as against the previous limit

of Rs. 10 crores. It is confidently expected that with the successful working of the scheme, the Reserve Bank authority over banks' lending policy as a whole may gradually expand, thus leading to a banking system stronger and more integrated with the price structure in the country than in the past.

FIVE-YEAR PLAN AND PROGRESS

The progress so far made under the Five-Year Plan has been particularly satisfactory in the public sector in achieving the immediate objectives of the planners, who have avowedly embarked on establishing a healthy Social Welfare State on an enduring edifice. According to the recent Planning Commission review, the main achievements under the Plan were an increase in production, both industrial and agricultural, control of price situation and a fairly stable economy. Inflationary forces were greatly curtailed with the result the index of wholesale prices which stood at 433 by the end of 1951 had fallen to 392.6 in December last. There was also a striking improvement in the balance of payments situation, for while the year 1951-52 ended with a deficit of Rs. 174 crores, the year ended June, 1953, yielded a surplus of Rs. 64 crores.

The progress of the Plan in the private sector, I am afraid, has been disappointing and yet it is this sector which is entrusted with the responsibility of carrying through the important aspects of the Plan. Investments in the sector had definitely lagged behind the estimate of the Planning Commission. No reasonable progress could ever be achieved without creating a proper climate for capital formation, investment of foreign capital and mobilisation of worth while savings in the country.

I am glad the Government are now fully alive to this serious position and have therefore recently undertaken an investigation into the effects of the structure and level of taxation over capital creation, and on the maintenance and development of production enterprise. We may await with interest the recommendations of the Taxation Enquiry Committee which may make the dream of the planners a reality in the private sector.

It is also suggested that the banking system in the country which has been mainly concerned with the supply of commercial credit so far should undertake the responsibility of helping the industrial sector in finding its requirements for long-term business. This is a responsibility that has also been enjoined on the Indian banking system under the Five-Year Plan. Apart from the technical difficulties of the restrictions imposed by the Banking Companies Act, I really wonder how and in what manner the Indian banking system could make this departure without straining its resources which are reasonably fully employed in financing the seasonal trade. The Banking Organisation could only assist the industries by way of temporary overdrafts or loans, but cannot venture to supply to these manufacturing concerns, what may be termed 'risk capital.' I believe that Industrial Finance Corporations all over the country should undertake this long-term financing of industries. With a definite switch-over to the buyer's market, there is a growing disinclination for starting of fresh ventures and these Corporations could at best expedite applications for loans for expansion and modernisation of the existing enterprises with a view to making them function more efficiently and thus contribute to the national prosperity. However, the Shroff Committee which has been recently constituted should find a suitable formula for the solution of this problem of making the banking system respond to the long-range requirements of the industrial sector.

A New Book
For the Library and the Connoisseur of Art

SKETCHES OF GANDHI

By

FELIKS TOPOLSKI

A unique collection of 24 sketches and two four-coloured paintings of Mahatma Gandhi by the famous Polish artist. Embellished with rare quotations from Gandhiji.

Price Sixteen Rupees

Postage extra

COMPANY AFFAIRS

THE STANDARD MILLS COMPANY LIMITED

The working results of the Standard Mills Company Limited (Managing Agents: Mafatlal Gagalbhai & Sons) for the year ended 31st December, 1953, show a marked expansion in sales from Rs. 305.72 lakhs in 1952 to Rs. 356.57 lakhs during the year under report. The value of stocks has, therefore, dropped from Rs. 43.88 lakhs to Rs. 33.17 lakhs.

The cost of cotton purchased discloses a sizable decline from Rs. 165.68 lakhs to Rs. 146.30 lakhs, but the bills for wages and cost of stores have both taken an upward turn so as to more than offset the gain registered in the purchase of cotton. Net profit, however, shows a satisfactory increase of nearly Rs. 8 lakhs at Rs. 39.18 lakhs as against Rs. 31.04 lakhs in the preceding year.

The increase in profits has helped to enhance the various usual provisions but the ordinary dividend has been maintained at 20 per cent per annum. The table below summarises the fluctuations in the fortune of the Company during the last three years:

	(In Lakhs of rupees)		
Year ended 31st December	**1951**	**1952**	**1953**
(a) Sales	2,98.53	3,05.72	3,56.57
(b) Stocks	31.62	43.88	33.17
(c) Cost of cotton purchased	1,42.31	1,65.68	1,46.30
(d) Cost of stores and spare parts purchased	36.12	35.41	46.46
(e) Salaries and Wages	61.13	66.72	90.11
(f) Net Profit (subject to depreciation and taxation)	55.70	31.04	39.18
(g) Transfer to Depreciation Reserve	4.42	4.70	5.70
(h) Transfer to Special Depreciation Reserve	2.95	3.30	10.00
(i) Provision for Income-Tax and Corporation Tax	24.50	7.50	11.50
(j) Transfer to Reserve Fund	..	1.00	..
(k) Transfer to Dividend Equalisation Fund	2.11	3.00	..
(l) Ordinary Dividend rate per cent per annum	20	20	20

CAWNPORE TEXTILES LIMITED

The profit and loss account of the Cawnpore Textiles Ltd., (Managing Agents: Begg, Sutherland & Co., Ltd.) for the year ended 31st March, 1953, shows an improvement of Rs. 51,979 in net profit (prior to allocation) over the preceding year. The dividend has been maintained at 11¼ per cent per annum.

The balance sheet shows the "reserves" at Rs. 21,97,992 as against the subscribed "capital" of Rs. 30,00,000. It may be remarked here that reserves were capitalised to the tune of Rs. 7.50 lakhs in 1943-44 and Rs. 15.00 lakhs in 1948-49.

As against a gross block of Rs. 55,76,479, the net block stands at Rs. 2,34,103 only since the accumulated depreciation is as high as Rs. 53,42,376.

BANK OF BARODA LIMITED

The forty-fifth annual report of the Bank of Baroda Limited for the year ended 31st December, 1953, shows an increase of Rs. 168.76 lakhs in total deposits as compared with the year 1952. Fixed deposits have registered a sharp rise of Rs. 184.54 lakhs from Rs. 13,66.58 lakhs to Rs. 15,51.12 lakhs. Increase in deposits is accompanied by increase in both advances and investments. Advances have improved by more than Rs. 3 crores.

Interest earnings, however, show a decline of nearly Rs. 5 lakhs, from Rs. 108.43 lakhs in 1952 to Rs. 103.24 lakhs in 1953. Interest paid on deposits, borrowings, etc. has also dropped by nearly Rs. 3 lakhs, from Rs. 46.41 lakhs to Rs. 43.75 lakhs.

The net profit, therefore, stands reduced from Rs. 25.09 lakhs to Rs. 22.45 lakhs.

No transfer has been made to the reserve fund, but Rs. 3.00 lakhs have been provided for depreciation and Rs. 1.50 lakhs have been transferred to the investment account. The dividend has been maintained at 12 per cent per annum, inclusive of a bonus of Re. 1 per share.

The table below brings out the chief features of the working of the bank during the last three years:

	(In Lakhs of rupees)		
Year ended 31st December	**1951**	**1952**	**1953**
(a) Deposits and other accounts			
(i) Fixed Deposits	13,98.55	13,66.58	15,51.12
(ii) Savings Bank Deposits	5,97.97	5,51.51	5,47.47
(iii) Current Accounts, Contingency Accounts etc.	11,44.63	9,99.03	9,87.29
TOTAL	31,32.15	29,17.12	30,85.88
(b) Investments	11,05.80	10,96.09	11,62.05
(c) Advances	19,20.06	14,56.79	17,98.74
(d) Interest paid on deposits, borrowings, etc.	31.97	46.41	43.75
(e) Interest and discount earnings	97.82	1,08.43	1,03.24
(f) Net Profit (subject to taxation)	28.06	25.09	22.45
(g) Provision for taxation	3.50	3.00	3.00
(h) Transfer to Reserve Fund	7.00	Nil	Nil
(i) Transfer to Bank's Investment Account	3.00	4.50	1.50
(j) Dividend rate per cent per annum (inclusive of bonus)	12	12	12

THE EASTERN ECONOMIST

(Subscription Rates)

	Payable in advance India	Foreign
	Rs.	Rs.
Annual	50	66
Half-yearly	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9|- per year.

Foreign air rates on application. Offices in New York, London, and Tokyo.

Manager,
THE EASTERN ECONOMIST LTD.,
52, Queensway,
NEW DELHI.

COMMODITY NEWS AND NOTES

ALL-INDIA FIRST ESTIMATE OF WHEAT—1953-54

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India first estimate of wheat for 1953-54 puts the current year's acreage at 23,149 thousand acres against the adjusted first estimate of 22,144 thousand acres for 1952-53. The current year's estimate, therefore, shows an increase of 1,005 thousand acres or 4.5 per cent over the last year. The increase in acreage under wheat crop during the current year has been shared mainly by Uttar Pradesh, Rajasthan, Bombay, Punjab, Madhya Pradesh, Saurashtra, Bihar, Bhopal, Himachal Pradesh, and Delhi and is due to sufficient and timely rainfall received at the time of sowing. The increase in acreage has, however, been offset to some extent by the decrease reported by Madhya Bharat, Vindhya Pradesh and Hyderabad at the time of sowing. The estimate generally covers the period up to the end of December, 1953. Till then the conditions for the growth of the crop were favourable in all the States. This estimate does not cover the total area sown to wheat crop during 1953-54. Past experience has shown that the area at the First Estimate Stage forms roughly 90 per cent of the area under the crop finally reported.

FALL IN PEPPER PRICES

A fall in the already declining pepper prices is feared in trade circles. Pepper prices have been showing a downward trend since the beginning of this year and the present rate of Rs. 1,500 per candy of 675 lbs., compared with Rs. 3,000 in 1952, is said to be the lowest quoted in the post-war period. Trade circles attribute this price fall to dearth of foreign demand, cheaper Indonesian quotations, the present bumper crops and accummulation of pepper stocks with local traders. Market condition in Palai and its surroundings, which produce the best quality pepper in the world, is reported to be dull and nervous.

AGHANI (KUSMI) AND BYSAKHI LAC CROPS

According to the preliminary estimates given by the Indian Lac Cess Committee, the Bysakhi Lac Crop in India (excluding Assam) for the year 1954 is expected to be 6,45,000 maunds as compared with the final estimates of 4,26,000 maunds of this crop for the previous year. The normal yield of this crop in India based on the average of 10 years preceding 1939 is 6,48,000 maunds. The final estimates of the Aghani (Kusmi) Lac Crop for the year 1953 is put at 51,000 maunds for the whole country as against the preliminary estimate of 50,000 maunds estimated earlier. The crop in 1952 was 38,500 maunds and the normal is 1,56,000 maunds. As stated earlier, the drop has been caused by a brood shortage due to failure of the 1953, Jethwi (Kusmi) crop.

ESTIMATE OF COTTON CROP

The Textile Commissioner to the Government of India, Bombay, recently stated in a Press Note that there was no truth whatsoever in the Press report that official sources had revised their estimate of cotton crop for the 1953-54 season down to 40 lakh bales against the estimate of 42 lakh bales made in October 1953. The latest official estimate, he said, was a certainty of 41 lakh bales with a likely small increase.

INCREASE IN INDIAN IRON ORE EXPORTS

Exports of iron ore from the major ports of India during February were placed at 1,21,500 tons valued at Rs. 55,22,000 as compared with 75,500 tons worth Rs. 33,71,000 in January 1954. Japan was the principal consumer, importing 67,800 tons in February as compared with 46,900 tons in January. Exports to Czechoslovakia rose by 300 per cent, from 8,000 tons in January to 24,000 tons in February. West Germany imported 11,500 tons and Holland 2,400 tons during February 1954.

PRODUCTION OF OILSEEDS

Mr. Damle, President of the Indian Oilseeds Committee, said recently that according to the estimates of oilseeds production during 1953-54, the targets of over 400,000 tons fixed by the Planning Commission in the first Five-Year Plan had already been launched. He added that agricultural research contains about 17 schemes for the improvement of the oilseeds crop in the various States. Schemes for the multiplication of the improved strains of mustard and toria in West Bengal, mustard in Assam and linseed in Punjab are at present in progress in addition to similar schemes for groundnut and castor in Madras and Andhra, groundnut in Saurashtra and Punjab and castor in Hyderabad, which had commenced earlier. The ad hoc committee appointed to decide on the areas where regional agricultural stations should be established had made its recommendations. The Agricultural Research and Development Sub-Committee has considered these and has suggested that a Central research institute may be started where research work could be done under their own guidance.

SUGAR ALLOTMENT TO STATES

The Government of India has started allotting sugar to the State Governments from out of the reserve of 25 per cent of the production of each factory during the current season for controlled distribution at fair prices. Reserve sugar is already on its way to Calcutta and allotment of sugar has also been made to the Governments of U.P., Vindhya Pradesh, Rajasthan, Himachal Pradesh, Madhya Bharat, Orissa and Punjab.

WORLD COAL OUTPUT

World coal production for 1953 is estimated at 1,442 million tons which is about 2.2 million tons below the 1952 figures. 1951 was a year of peak production with 1,475 million tons. Output in 1953 has increased in Eastern Europe and Soviet Russia whereas it has declined by about 65 million tons in North America. In other regions there is practically no change. The total international trade in coal and briquttes in 1952 was 120 million tons as against 127 million tons in 1951.

AUSTRALIAN WHEAT CROP—1953-54.

According to the information received from the Commonwealth Statistician, Canberra, the latest revised estimates of area and yield of wheat in Australia during 1953-54 are 10,690 thousand acres and 199,000 thousand bushels (or 5,330 thousand tons) respectively.

PAKISTAN SECOND FORECAST OF RICE—1953-54

According to the Ministry of Food and Agriculture, Government of Pakistan, the area under rice crop for the year 1953-54i is 23,568 thousand acres as against 22,157 thousand acres reported in the second forecast of the previous year, which shows an increase of 6.4 per cent over the last year. The acreage reported in the final forecast of last year was 23,016 thousand acres. With the exception of N.-W.F.P. there has been a general increase in the acreage in the crop throughout Pakistan.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	424.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360 0*	369.5	619.8	397.4	90.6	100.4	86.8	94.0
June „ c ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87 2	94.4
Juiy „ c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August „ c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September „ c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October „ c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November „ c ..	378.0	441 4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December „ c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February „ c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
Week Ending										
20-2-1954 ..	370.8	474.2	359.8	370.1	695.8	395.2	90 3	101.5	88.1	102.2
27-2-1954 ..	370.3	460.1	357.2	369.6	685.0	392.0	90.4	101.5	88.1	103.6
6-3-1954 ..	367.3*	459.9	355.7	371.3*	685.2	391.3	90.4	101.5	88.0	103.3
13-3-1954 ..	368.9	468.7	354.7	372.6*	686.1	393.3*	90.4	101.5	87.8	102.3
20-3-1954 ..	371.3	459.8	355.6	375.7	686.3	394.0	90.4	101.4	88.0	102.3
27-3-1954 ..	..	..	..	..	.	..	90.4	101.4	88.1	102.6

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

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†
							Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	387	147	351	147	156	..
1953 February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	—
1954 January	346	363	269	139	325	442	—	—	353	—	—	—
February	—	—	—	139	316	432	—	—	353	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	4-4-1954			27-3-1954			20-3-1954			13-3-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	91- 6	89- 6	90- 7	89-10	87-14	88-15	89- 6	88-15	89 3	89- 6	88- 4	88-11
Silver (per100 fine tolas)	169- 3	167-10	168- 8	168- 9	165-13	167- 1	166-11	163-13	164-15	164-15	162-12	163-11

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
March ,,	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57.22	93,12	421,34	1,202,63
Week Ending										
19-2-1954	1,173,90	19,49	1,193,39	40,02	638,15	678,17	56.83	93,88	421,34	1,193,39
26-2-1954	1,171,43	22,28	1,193,70	40,02	638,15	678,17	56.81	94,19	421,34	1,193,70
5-3-1954	1,190,57	12,00	1,202,57	40,02	648,15	688,17	57.22	93,06	421,34	1,202,57
12-3-1954	1,194,00	8,27	1,202,27	40,02	648,15	688,17	57.24	92,76	421,34	1,202,27
19-3-1954	1,190,11	12,40	1,202,51	40,02	648,15	688,17	57.23	93,00	421,34	1,202,51
26-3-1954	1,185,92	17,23	1,203,16	40,02	648,15	688,17	57.20	93,65	421,34	1,203,16

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	485
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	414
	(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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22.49	245,85	16.37	12,76	105,10	75	31,19	71,29	8,41
March ,,	80,90	42,08	40,44	42,99	206,41	24,92	241,32	12,72	10,46	99,86	1,12	39,83	68,70	8,64
Week Ending														
19-2-1954	87,24	21,79	41,01	62,29	212,33	24,39	246,72	19,73	13,13	103,99	30	30,61	70,76	8,21
26-2-1954	86,06	28,66	41,17	63,87	219,75	23,46	253,22	22,58	10,70	106,82	1,11	32,02	71,48	8,51
5-3-1954	94,75	21,67	39,26	42,62	198,30	24,27	232,57	12,18	9,43	94,81	1,47	34,79	71,30	8,58
12-3-1954	99,06	21,51	41,21	42,79	204,57	23,57	238,13	8,49	10,94	97,92	2,01	39,19	70,96	8,62
19-3-1954	64,02	62,56	38,89	42,78	208,24	26,74	244,98	12,65	10,74	101,88	48	44,24	66,36	8,63
26-3-1954	65,77	62,59	42,41	43,76	214,52	25,08	249,60	17,55	10,74	104,82	51	41,10	66,16	8,72

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

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	16,44	45.10	..
1949–50 ..	597,79	272,59	870,38	34,47	65,85	11.53	426,74	15,35	50.79	..
1950–51 ..	599,13	278,45	877,59	34,68	60,78	10.88	447,03	11,87	52.29	..
1951–52 ..	593,73	290,82	884,55	37,33	57,29	10.70	523,59	22,81	61.77	303,49§
1952–53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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
Week Ending										
28–8–1953 ..	528,21	331,36	859,57	31,73	45,93	9.03	426,53	46,81	55.07	326,88
4–9–1953 ..	528,59	330,56	859,15	31,93	49,11	9.43	428,02	45,87	55.16	327,96
11–9–1953 ..	526,79	330,34	857,13	30,54	48,01	9.16	423,30	44,43	54.51	329,15
18–9–1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42,45	54.45	333,16
25–9–1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2–10–1953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9–10–1953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16–10–1953 ..	520,35	332,92	853,27	30,06	50,34	9.42	420,89	38,62	53.85	336,15
23–10–1953 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30–10–1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6–11–1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13–11–1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20–11–1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27–11–1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4–12–1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11–12–1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18–12–1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,06	53.87	337,30
25–12–1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45.43	54.36	,04
1–1–1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8–1–1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15–1–1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22–1–1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	56,58	57.74	324,16
29–1–1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5–2–1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12–2–1954 ..	513,66	330,41	844,07	32,60	39,40	8.53	461,68	53.56	61.04	320,61
19–2 1954 ..	522,30	331,20	853,50	31,96	39,84	8.41	462,46	55,88	60.73	320,14
26–2–1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	458,52	62,89	61.19	319,23
5–3–1954 ..	522,74	330,71	853,45	32,13	37,38	8.14	461,30	66,30	61.82	318,76
12–3–1954 ..	525,76	329,57	855,34	31,75	40,19	8 41	466,18	64,16	62 00	318,03
19–3–1954 ..	518,74	327,14	845,58	30,93	38,60	8.22	470,51	66,51	63.49	317,10
26–3–1954 ..	528,89	327,57	556,46	32,07	40,83	8.51	469,85	68,34	62.84	318,87

*Undivided India §Average of weeks from November 1951 †Including Bills Discounted

INDIAN INSURANCE STATISTICS

New Business

(In Crores of rupees)

Year	Indian Insurers Sum insured	Non-Indian Insurers Sum Insured	Total
1943 ..	64·2	10·0	74·2
1944 ..	97·0	11·9	108·9
1945 ..	123·7	12·6	136·3
1946 ..	140·9	12·9	153 8
1947 ..	126·5	13·1	139·6
1948 ..	121·7	12·9	134·6
1949 ..	130·0	12·2	142·2
1950 ..	125·8	13·7	139·5
1951 ..	131·4	16·5	147·9
1952 ..	129·3	16·4	145·7

Note: The total figures in respect of new life insurance business in 1952 are incomplete.

Total Business

(In Crores of rupees)

Year	Indian Insurers	Non-Indian Insurers	Total
1943 ..	298	80	378
1944 ..	373	81	454
1945 ..	462	95	557
1946 ..	550	101	651
1947 ..	603	103	706
1948 ..	621	103	724
1949 ..	662	103	765
1950 ..	671	109	780
1951 ..	755	118	873
1952 ..	*790	*126	*916

* These figures are subject to correction.

Income and Outgo

The income and outgo of Indian and non-Indian insurers during the year 1952 in respect of life insurance business was made up of:—

(In lakhs of rupees)

Particulars	Indian Insurers	Non-Indian Insurers
(a) Income		
Premium (First year) ..	6,59	1,15
Premium (Renewal) ..	35,39	5,74
Interest, Dividends & Rents	7,46	1,49
Other receipts ..	66	39
Total ..	50,10	8,77
(b) Outgo		
Claims by Death ..	4,06	90
Claims by Maturity ..	7,64	2,08
Annuities ..	13	9
Surrender Value ..	1,76	1,13
Expenses of Management ..	11,39	1,54
Depreciation and Transfer to Investment Reserves etc.	3,19	20
Miscellaneous ..	14	74
Transfer to Shareholders Reserve and Dividends	14	8
Total ..	28,45	6,76

MATURITY DISTRIBUTION OF INVESTMENTS

The distribution as at December 31, 1952 of investments of controlled funds in Governments and other approved securities grouped according to years of maturity

(In thousands of rupees)

Years of maturity	Indian Insurers* Amount	Indian Insurers* Percentage	Non-Indian Insurers* Amount	Non-Indian Insurers* Percentage
1953–1957	16,87,03	11·1	10,86,30	28·4
1958–1962	36,32,85	23·9	6,73,93	17·7
1963–1967	32,77,81	21·6	5,60,77	14·7
1968–1972	12,61.71	8·3	6,90,43	18·1
1973–1977	17,56,90	11·5	5,53,32	14·5
1978–1982	1,08,67	0·7	..	..
1983–1987	30,60,26	20·1	24,13	0·6
1988-1992	40,99	0·3	61,73	1·6
1993–1997	72	..	..	..
Irredeemable	3,85,48	2·5	1,69,49	4·4
Total	1,52,12,42	100·0	38,20,10	100·0

*Information not available in respect of 5 Indian and 2 non-Indian insurers.

INDIAN INSURANCE STATISTICS

MATURITY DISTRIBUTION OF INVESTMENTS

The distribution as at December 31, 1952 of Investments of controlled funds in Government and other approved Securities on the basis of cumulative total after each quinquenium.

(In thousands of rupees)

Period of Maturity	Indian insurers* Amount	Indian insurers* Percentage	Non-Indian insurers* Amount	Non-Indian insurers* Percentage
1953 and onwards	1,52,12,42	100.0	38,20,10	100.0
1958 ,, ,, ...	1,35,25,39	88.9	27,33,80	71.6
1963 ,, ,, ...	98,92,54	65.0	20,59,87	53.9
1968 ,, ,, ...	66,14,73	43.4	14,99,10	39.2
1973 ,, ,, ...	53,53,02	35.1	8,08.67	21.1
1978 ,, ,, ...	35,96,12	23.6	2,55,35	6.6
1983 ,, ,, ...	34,87,45	22.9	2,55,35	6.6
1988 ,, ,, ...	4,27,19	2.8	2,31,22	6.0
1993 ,, ,, ...	3,86,20	2.5	1,69,49	4.4
1998 ,, ,, ...	3,85,48	2.5	1,69,49	4.4

*Information not available in respect of 5 Indian and 2 non-Indian insurers.

ASSETS

The assets of Indian insurers amounted to Rs. 2,92,92 lakhs on the 31st December 1952, which were held invested in:—

(In lakhs of rupees)

Particulars	Amount
Central Government Securities	1,22,09
Securities of Part 'A' States	12,63
Securities of Part 'B' States	3,80
British, Colonial and Foreign Government Securities	5,59
Municipal, Port Trust and Improvement Trust Securities	17,67
Mortgages on Property	13,27
Loans on policies	19,74
Loans on Stocks and Shares	24
Other Loans	1,85
Debentures of Indian Companies, etc.	13,15
Preference Shares of Indian Companies, etc., ...	10,90
Ordinary Shares of Indian Companies, etc.	17,74
Land and House Property	15,20
Agents, Balances, Outstanding premiums, Interest, etc.	14,62
Deposit, Cash and Stamps	17,39
Miscellaneous	7,04

ASSETS OF NON-INDIAN INSURERS IN INDIA

(In lakhs of rupees)

Insurers constituted in	Total assets in India of: Life or Composite Companies	Total assets in India of: Non-life Companies
United Kingdom	24,88	4,31
Dominions and Colonies ..	22,88	1,92
United States of America ..	..	62
Switzerland	62	7
Indonesia	..	6
Italy	..	8
France	..	9
Total	48,30	7,15

INTEREST YIELDS AND EXPENSE RATIOS

Year	Ratio of interest per annum	Expense Ratio
1948	3.02	29.0
1949	3.05	29.2
1950	3.16	28.9
1951	3 33	27.2
1952	3.43	27.1

THE EASTERN ECONOMIST

INDEX OF

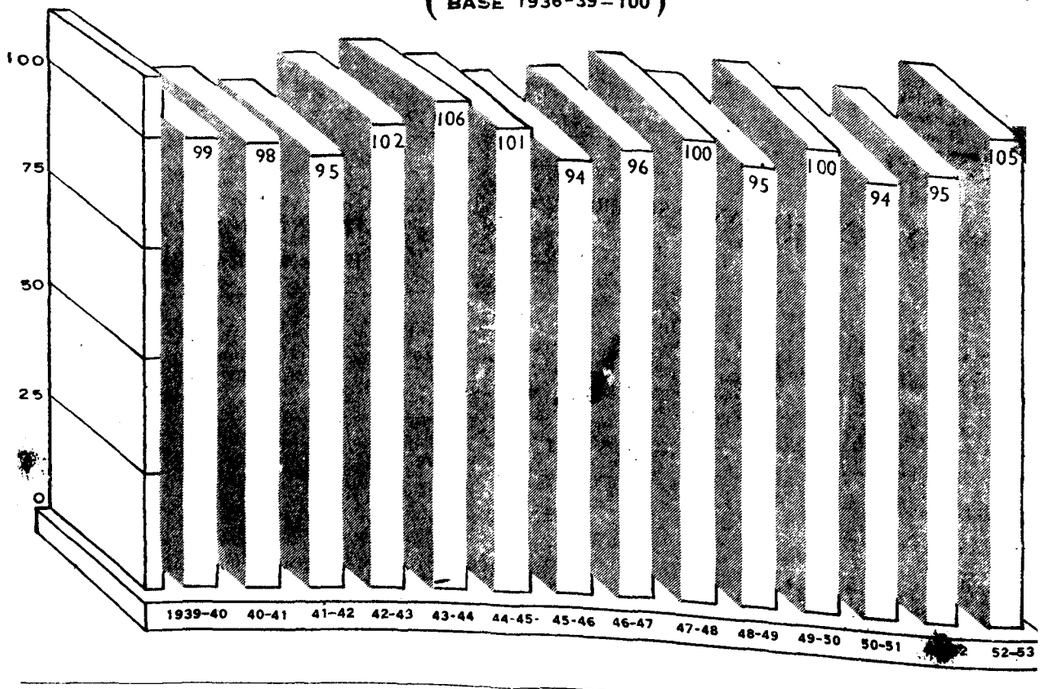
INDIAN AGRICULTURAL PRODUCTION.

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	(*) 1947-48	(*) 1948-49	(*) 1949-50	(*) 1950-51	(*) 1951-52	p 1952-53
Foodgrains ..	**99**	**95**	**93**	**103**	**107**	**104**	**95**	**96**	**102**	**96**	**99**	**91**	**91**	**103**
Rice ..	98	88	92	99	109	102	96	104	102	98	101	88	90	102
Wheat ..	104	98	91	99	90	97	84	67	77	77	86	87	82	92
Millets ..	99	108	99	112	111	114	99	99	108	89	99	93	96	111
Gram ..	94	96	86	111	122	103	100	115	143	145	117	115	105	121
Fibres ..	**90**	**111**	**105**	**8**	**87**	**55**	**56**	**53**	**58**	[illegible]	**78**	**85**	**100**	**98**
Cotton ..	89	107	109	76	89	54	52	51	56	[illegible]	65	72	77	75
Jute ..	99	132	82	87	77	62	78	66	83	[illegible]	154	164	235	235
Oilseeds ..	**106**	**111**	**94**	**98**	**104**	**107**	**97**	**100**	**104**	[illegible]	**96**	**103**	**104**	**101**
Sesamum ..	96	110	95	106	102	88	88	81	88	[illegible]	[illegible]	113	110	113
Groundnut ..	101	118	82	91	125	122	110	114	109	[illegible]	[illegible]	109	97	92
Rape & Mustard ..	117	114	113	102	93	111	96	107	109	[illegible]	[illegible]	101	122	112
Linseed ..	106	99	81	92	86	89	83	77	101	[illegible]	[illegible]	85	73	83
Miscellaneous ..	**102**	**107**	**112**	**117**	**116**	**112**	**124**	**112**	**121**	**121**	[illegible]	**127**	**126**	**126**
Sugarcane ..	90	113	83	110	114	106	102	110	131	109	[illegible]	126	136	118
Tobacco ..	100	104	103	86	75	93	97	79	69	75	[illegible]	77	57	64
Tea ..	105	109	119	113	135	121	136	147	152	156	[illegible]	58	164	162
Coffee ..	97	89	112	102	108	108	159	96	99	139	[illegible]	110	130	142
General Index ..	**99**	**98**	**95**	**102**	**106**	**101**	**94**	**96**	**100**	**95**	[illegible]		**95**	**105**

(*) Revised. p-Provisional.

THE EASTERN ECONOMIST INDEX OF AGRICULTURAL PRODUCTION

(BASE 1936-39=100)



Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd. 52,Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

For an exclusive "Eastern Economist" interview with Shri V. T. Krishnamachari, Deputy Chairman, Planning Commission, see pages 638 and 639.

LIBRARY 20 APR 1954 MADRAS GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 16. NEW DELHI: APRIL 16, 1954. ONE RUPEE

CONTENTS

SPECIAL ARTICLE: Page

THE CONFERENCE AT COLOMBO .. 621
ADMINISTRATION FOR PROGRESS .. 623
THE PROGRESS OF HINDI 624

THE WEEK'S NOTES 627
South-East Asia Security Plan; Concord in Madras Ministry?; Critics on the A.I.R.; Employment in Foreign Firms; Patchwork Policy on Sugar; Production Ministry's Record.

WORLDGRAM AND NEWS IN BRIEF .. 631

A WINDOW ON THE WORLD
Odysseus on "Middle Class Illfare" .. 635

A DELHI DIARY 637

AN INTERVIEW WITH SHRI V. T. KRISHNAMACHARI 638

SPECIAL ARTICLES:
THE SUGARCANE PRICE AND PROFIT SHARING 640

THE BUSINESS WORLD:
The New Loan 642
Rationalisation in the Textile Industry .. 642

BUSINESS NOTES 645
Tax Relief for Tobacco; A Banker's Views on Costs; Steel Re-rolling; Foreign Technicians; The Rayon Industry; Employees' State Insurance; Salt Research Institute; Sugar Supply from Government Reserves; Customs and Excise Revenue; Licensing of Art Silk Yarn Imports; Plant for Paper Cones and Tubes; Survey of India's Foreign Liabilities and Assets.

COMPANY AFFAIRS 648
COMMODITY NEWS AND NOTES 649
CURRENT STATISTICS 663

The Conference at Colombo

WITHIN a fortnight from now, the five Asian Prime Ministers of India, Pakistan, Burma, Ceylon and Indonesia will have gathered at Colombo for consultations on matters of common interest. The important feature of the Conference is that the Prime Ministers will not be tied down to an agenda. Consequently it would be unreasonable to expect that clear-cut decisions would emerge out of the discussions. Those who have had the experience of the intangible and elusive purport of the communiques which follow Commonwealth Conferences would know better what to expect. And yet, the meeting of the Prime Ministers has been looked forward to with the greatest interest, and not only in the five countries concerned. It is a major development, despite the fact that not all the Asian or even South Asian countries will be represented or even that there is no identity of views or of approach on the major international problems among the leaders of the five Governments. The Conference has not been widened to include Thailand or the Philippines—even if the reasons for the exclusion of Malaya and Indo-China are obvious—to impart a

strictly South-East Asian character. But the exclusion does not detract from the Asian character of the Conference, even if in many respects it does not enhance it.

There is an atmosphere now prevalent which recalls the expectations aroused in January 1949 of close Asian co-operation, following the New Delhi Conference for supporting the Indonesian freedom struggle. Those expectations have not materialised in the five years, since the countries concerned have been too much preoccupied with their own domestic affairs. But it is also perhaps true that there has been little disposition hitherto in these areas to realise a sense of common purpose except in relation to European colonialism. The remnants of that colonialism in Malaya or Indo-China have been complicated by other features, which ruled any unequivocal stand out of question. But it is nevertheless true that in these years the instances of co-operation at the official level among the five countries have outnumbered their disagreements, not excluding the more serious disagreements like the Indo-Pakistan disputes.

Despite frequent deadlocks, India and Pakistan have succeeded in the past in finding solutions to several common problems and still look like doing so, despite the widening gap in their relations. The record of Indo-Burmese co-operation has been unsullied by serious differences, and co-operation has now culminated in a settlement of the question of the debt due by Burma, which should reinforce the feeling of mutual trust. A similar mood of trust was responsible for the Indo-Ceylon agreement on the question of Indian citizenship, which provided no specific guarantees. Indonesia alone has remained relatively aloof, but that is explained by historical circumstances. The frequent consultations on the Colombo Plan have opened up other vistas of co-operation which still remain to be explored. It has long been clear to the countries of the area that they have a common interest in the war on poverty and in the task of raising the living standards of their peoples.

But new, though not unforeseen, anxieties have grown as a result of the realisation that this major task of fighting poverty cannot be carried on alone or in comparative isolation. At an earlier phase, the ending of colonial rule was regarded as certain promise of the key to rapid advancement. The Asian countries have been slower to realise either the problems of securing the resources or the sacrifices necessary. By the time they came to be appreciated, the Korean war had broken out and its aftermath revealed the unsuspected dangers which could, in political, as well as in economic, terms, present obstacles to the peaceful pursuit of the various plans within their respective national frontiers. For Burma and Indonesia, there has not even existed that degree of internal political stability which was essential for the pursuit of a sound domestic economic policy.

The background to the initiative taken by Sir John Kotelawala in autumn last year was thus wholly different from that of Mr. Nehru's initiative in 1949. Six months ago one could even have hoped that the residue of differences—including Kashmir—could be satisfactorily settled, given the right approach and the assurance that no outside pressure was involved in the solutions but only mutual interests. That, in any case, was the moral of both the Burmese debt settlement and the Indo-Ceylon agreement on the citizenship question. On the major international issue of the attitude to the rival Power blocs, views have been expressed with varying accents. With Burma at one end and Pakistan at the other, Indonesia, India and Ceylon have not differed substantially hitherto in aspiring to a role of neutrality. But, at the same time, all these countries have not been in any doubt as to the ultimate obligations arising out of their consciously expressed preference for the democratic way of life and the safeguarding of it from any threat, internal or external. In the assessment of the external dangers, however, these Asian countries would, in varying degrees, regard the retreating European colonialism as much a source of potential evil as the new totalitarianism.

Whether the differences of emphases or the identity of approach will play the greater part in the Colombo talks cannot yet be predicted. The political context, in contrast to the economic, is always a fast changing one. Since the Conference was planned, there have been developments which have introduced complications. The summoning of the Geneva Conference to discuss the foremost Asian problems—Korea and Indo-China—cannot fail to colour the proceedings which will commence simultaneously at Colombo. An immediate provocation has also come from the ultimatum proposed by Mr. Dulles over Indo-China. The declaration would intimately concern and affect the whole of South-East Asia, even if it is now made in the name of that part of South-East Asia which will be unrepresented at Colombo. Britain and France, as the colonial Powers representing Malaya and Indo-China, together with Thailand and the Philippines, may, in effect, be accepting the intervention of the United States in this area as a counter-weight to Chinese intervention. It is almost certain that Pakistan, by virtue of her decision to accept American military aid, is committed to a positive view which her neighbours may disapprove in differing tones.

The chances at the moment are that the recent developments in Indo-China, the Geneva Conference and the hydrogen bomb may overshadow the more sober but not less vital issues that should figure on the yet unspecified agenda of the Prime Ministers. There have been daring forecasts of a non-aggression and non-interference pact being discussed by the Prime Ministers. A non-aggression pact has no relevance except in relation to India and Pakistan and there is no reason to believe that the Colombo climate would be particularly favourable for its consummation. The non-interference pact—apparently a pet device by which Ceylon seeks to assure herself that the citizenship question is a domestic issue on which even consultation with India is unnecessary—will not be sufficient achievement, since it has never been disowned in principle by the countries concerned. For the larger problems of economic co-operation, arising out of planned development, the ground is not well-prepared. There are no hindrances to such co-operation due to the outlook of the Governments and only a Conference of the Finance and Commerce Ministers of the countries prior to the Prime Ministers' meeting could have helped to define the issues to be settled at this higher level.

However, if the five Asian Prime Ministers should —whatever the agenda they choose to impose on themselves—succeed in impressing one another about their ability to persuade their countrymen freely to give and take in the common interest of the region, all could be well. The Indonesian Prime Minister will be presented with the feeling that not until the coming general elections will his country be able to commit herself boldly to long-term future policies. The Prime Minister of Pakistan is already a weakened man because of the East Pakistan elections. These are the inevitable limitations but they are not so large as to present public opinion in the five countries growing in favour of co-operation, in spite of whatever changes occur from time to time in the leadership at the top.

Administration for Progress

THE Finance Minister will stay, at any rate for the present,—and the resignation has been withdrawn. The buoyant markets, which would not have known exactly what to make of the Government of India's financial policy in the event of a change in the Finance Ministry, have, providentially, not been kept in suspense for any long period of time; and to them, as to the others, the certainty that the new experiment that was contemplated will not be tried at the cost of unsettling so much that has been achieved (and so of emptying the baby out with the bath) must surely be worth something. But was it necessary or realistic to exaggerate so much the importance of the matter?

The gratuitous assumption that financial procedure was a bottleneck to be broken did not rest even on a prima facie reasonable presumption—let alone proof. Assuming that finance was a bottleneck, moreover, the attempts which were made to break this bottleneck seem to have been premature and hasty, to say the least. The issues in dispute continue, even at the present time, to be very vague. It is apparent, however, that in a matter like this, although fundamental issues on which the entire administration depends have been raised, the Government of India, as a whole was less concerned with arriving at a satisfactory solution than with producing an explanation of the tardy progress of the Plan.

The suspicion cannot be avoided that the Finance Ministry, at least on this occasion, was cast in the role of an unwilling scapegoat. It is widely known, though it is not yet officially very freely admitted, that the Plan has been in huge arrears for some time. There may be several reasons for this. State Governments cannot be hustled fast enough, for example. The centrally-built dams have been held up behind the unrealistic schedules which were framed earlier. Designs cannot be completed in time; and the Railways cannot get their supplies. At a certain stage, and apparently without consultation with the Finance Ministry itself, the assumption seems, however, to have been made that the difficulties to be tackled are financial, not real, and that the colonial tradition, which has been inherited in these matters, is outmoded in relation to the needs of the times.

In the result, two proposals which must have startled many persons (and possibly also the Public Accounts Committee and the Comptroller and Auditor General although their reactions are not available) have been made. It seems to have been proposed firstly, that funds should be made more freely available to the spending departments, Parliament's votes being reduced to a formality at various stages, firstly when token grants are presented, secondly, when sums intended to cover the advances from the Contingency Fund are asked for, thirdly, when supplementary funds are required, and lastly, if needed, when an actual recorded excess in the expenditure over the votes has to be regularised. The existing procedure, it will be seen, was intended to be fully utilised. But the initiative was to pass to spending authorities; and the procedure could easily have been reduced to what perhaps in the opinion of many people it already is, namely, a meaningless form.

The other proposal was to make financial advisers subordinate to the spending authorities. On these latter was to be placed very squarely the responsibility for the execution of the projects as well as the responsibility for the observance of rules and regulations. The choice between these two ends in the event of a conflict was to be left to them. The argument on which this theory was advocated is not difficult to understand. If we expect local officers to bear the burden of accomplishing things, we must leave it to them to run the risks which they consider are unavoidable, including financial risks. The only precaution that can be taken is to provide them with advice, which they must consider but are free to reject.

This theory seems to be reasonable. It fails, or rather if it is feared that it will fail, it is only because there seems to be little warrant for the assumption that there are now seasoned and experienced administrators at lower levels in the hierarchy, who can be trusted to weigh the pros and cons very nicely in the balance, and to do just what is right.

The Finance Ministry was, therefore, definitely right in standing up for its rights. It does not follow from this statement that an attitude of complacency is warranted, and, indeed, the Finance Minister himself seems to have made this latter point quite clear. It is certainly unnecessary to imply that all is well with finance, or that financial red-tape has not been a contributory factor, operating alongside of many other difficulties. Steps towards the elimination of this red-tape have been constantly suggested on the other hand. The codification of rules, so that what is permissible under the rules need no longer be a matter of conjecture; the association of financial advisers with the preparation of project estimates from the earliest possible stages; the standardisation of rates; the decontrol of stores purchase by splitting up the stores organisation if necessary; another temporary liberalisation of the financial delegations which are in force; and an attempt to avoid the duplication of financial scrutiny, where this has already been carried out, by a State Government, for instance, are all examples. Something has already been done on these lines; and no doubt, much more can and will be done on the initiative of the Finance Minister himself.

It is unnecessary to discuss the merits of the Chanda report in much greater detail, however. The assumption on which the proposals were based was, as has been pointed out, as much open to criticism as were the proposals themselves. The procedure which was adopted seems also to have been unhappy, and could, as it did, justifiably cause resentment. Since the result in the final analysis has been nothing more than a widening of the ad hoc enquiry or enquiries, in order to eliminate the assumption that finance has been at fault, and to find out who, if anyone, has been to blame, the conclusion can hardly be avoided in retrospect, that with a little forethought, this comprehensive examination could have been undertaken from the very first.

All is well that ends well, however. Now that a comprehensive examination is in fact being undertaken the least that the Government of India can do is to face the real difficulties, and not try any longer to run away from them. If development is held up today, it is due in a very great measure to an inveterate habit of officials of muddling through to a conclusion, rather than of planning the projects in any great detail. Detailed investigation, for example, has been almost always lacking, before a project has been sanctioned. Far too often for this to go unnoticed, the officials concerned have had after-thoughts; and they have then changed the earlier decisions. Orders for goods and materials have not been placed in time; and the exigencies of the administration have provided little scope for project officers to beat down the schedules of rates or to plan their purchases in the interests of economy. Excessive centralisation, finally, must have been maddening to those who have had to deal with headquarters. It must and should be possible to embrace questions like these within the scope of the comprehensive enquiry, which has now been promised, and although it may be doubted whether administrative reform is the panacea for all our ills, it will at any rate be good to know that no half-measures or controversial experiments will be tried.

The Progress of Hindi

TO those who have shown unbounded zeal and impatience for the propagation of Hindi on a nation-wide scale, the latest census release on India's languages and dialects should serve as a timely warning. It upsets the basis of their convenient assumption that the spread of knowledge of Hindi not only as an official medium of communication at the inter-governmental level but as a lingua franca can be crammed into a short period of transition, particularly when it covers much of other things at the same time.

The intolerant attitude of the leaders of all-out Hindi school has already elicited clarification of the Union Education Ministry's language policy. That clarification at best means that no endeavour will be spared to prepare the ground for the introduction of Hindi as the official language by 1965 as envisaged by the Constitution. This is as far as reasonable official assurance can go, but it is not just the same thing as to assume that the objective will at all costs be achieved by that date. The excesses of the extreme advocates of Hindi have not had the effect of impairing the universal support to Hindi as the country's national language, though they have engendered some suspicion about the element of unwarranted compulsion in the propaganda for it. The Bombay Government's passionate insistence on the introduction of Hindi as the medium of instruction at the university level one year hence is an instance of this technique of compulsion, which the Congress Working Committee's resolution on language policy has done nothing to repel. It is time an unequivocal understanding was evolved on the pace at which the progress of propagation of Hindi should be regulated to make the change as free from provocation as practicable.

The Census X-ray has thrown glaring light on the linguistic structure of this country. Even if the existence of 670 and odd dialects, spoken each by less than one lakh persons, is brushed aside, there are no less than 47 languages and dialects which are claimed as the mother tongue by substantial numbers of people. Hindi undoubtedly constitutes the major language among the fifteen enumerated in the Constitution, but the Census sets its dimensions in real perspective. About 150 million persons speak Hindi with an admixture of Hindustani. The data on bilingualism hardly brings any accession to the Hindi-speaking population in non-Hindi States. The prevalence of Hindi as a secondary language in these areas is confined to a few isolated districts, where the strength of Hindi-speaking persons does not exceed an average of 15 per cent. The significant fact about the bilingualism figures is either the total non-existence, or existence in only one or two districts, of Hindi as a secondary language in nine important States.

It brings into sharp prominence the 210 million population representing a variety of other languages. Not all the languages they speak are akin to Hindi. Telugu, Tamil, Malayalam and Kannada are spoken by about 87 million persons. The language composition stresses the magnitude of the problem of cultivating one common language as the national language throughout the country. In this multi-lingual nation, unity of language as a medium of inter-communication and national cohesion certainly does present a very difficult problem. And it surely cannot admit of oversimplification.

It is difficult to see how the Union Education Ministry's programme for the propagation of Hindi, phased over a period of fifteen years, can be dissociated from the fallacy of oversimplification. The genesis of this error can, of course, be traced to the directive in the Constitution in conformity with which it had to be drawn up. The entire scheme split up into three stages of five years each looks amateurish. Its central flaw consists in a lack of proper appreciation of the magnitude of this issue. The specific problems involved in imparting basic instruction of Hindi in the first instance, and in building up scientific, technical and other literature in this language to assimilate the latest advances in research and knowledge, have not been fully investigated. The structure of this programme seems to have been conceived with the purpose of keeping to a time schedule to the apparent neglect of the content of the scheme.

As the first five-year phase in this programme is drawing to a close, it is interesting to examine to what extent the objectives set have been actually achieved. The general scheme is to allow education at the elementary stage to be left entirely to the mother tongue of the student or to the regional language which are normally presumed to be identical. But the real emphasis is on introducing Hindi as a compulsory subject at the secondary stage, so as to facilitate prosecution of higher study in the language either as a special and obligatory subject or as optional medium at the university level. This basis of providing facilities to the younger generation to be conversant with Hindi is the crux of the problem. Official information on the actual measure of progress in this sphere is lacking in relation to several major States, while in the case of other States compulsory instruction in the language is confined to the lower classes. This is particularly true of areas where the regional language bears little close affinity with Hindi. Propagation among the masses, outside the orbit of educational institutions, is not amenable to any estimate. A number of regional organizations are engaged in carrying on sustained propaganda through regular courses of coaching. Until, however, their standards of instruction and the advisability of according recognition to them are investigated, which is the intention of the Ministry, any verdict on the quality and spread of knowledge of Hindi among the masses must be suspended.

Nevertheless, it appears clear that the task assigned for the second phase is unduly ambitious. It is problematical how far the target of extending an appreciable degree of knowledge of Hindi to the entire body of students from the secondary stage upwards in non-Hindi speaking areas before 1960 can be realised. However, even if it is achieved in a modest degree, the cause of Hindi among the educated classes will have been advanced with assurance of accelerated progress in the near future. But the ambition to achieve adult literacy in Hindi in non-Hindi speaking areas overlooks the stark reality of the existence of a low percentage of 9.1 overall literacy in the whole country. The preparatory task prescribed for the second phase, prior to the use of Hindi alongside English in the Union Government's and inter-State communication, must necessarily entail a much longer time for adequate fulfilment.

Beyond the range of propaganda at an educational level, activity for enrichment of Hindi literature has got off to a good start. The work of eleven expert committees for framing of scientific and technical terminology is being supplemented by some more. The compilation of a dictionary, basic grammar and encyclopaedia will be important steps in the progress of Hindi literature. In so far as direct State aid can stimulate literary activity and promote the wealth of literature, the official policy of awards of prizes and direct assistance by purchase of books are conceived in the right spirit. But elevation of Hindi to the status of a perfect substitute for English is a stupendous task. It is no fault of the Education Ministry if it is also time-consuming. It is the basic difficulty of the problem, not lack of enthusiasm in the Ministry, which is responsible for moderate progress.

Supreme ICI Paints

FOR BETTER PAINTING

Even the best paint can give poor results if applied incorrectly or over an unsuitable surface. Free technical advice, including practical demonstrations in your own paintshop, has always been a feature of the service offered by I. C. I. to their customers.

'DUCO' 'DULUX' 'NECOL'

each with its distinct process and use, are supported by Technical Service of the highest quality.

'DUCO' 'DULUX' 'NECOL' are now manufactured in India by THE ALKALI & CHEMICAL CORPORATION OF INDIA LTD.

Sole Selling Agents:

IMPERIAL CHEMICAL INDUSTRIES (INDIA) LTD.

Calcutta Bombay Madras Kanpur New Delhi Ahmedabad Amritsar Bangalore Cochin

Available from I.C.I. appointed Stockists and dealers everywhere

IX G 249



Gauhati

Assam is noted for picturesque costumes, Manipuri dancing, tea plantations and above all, lovely and incredibly slim-waisted women. The people of Gauhati are light-hearted, and courageous in the face of heavy odds.

In Gauhati, motorists are faithful to Triple-Action Mobiloil and fill up at the sign of the Flying Red Horse.

Like motorists throughout the world, they know that Triple-Action Mobiloil
Saves on Wear ·
Saves on Repairs ··
Saves on Gasoline ··· and that

Mobilgas with S-54
is the best gasoline from any pump.

Mobiloil



STANDARD-VACUUM OIL COMPANY
(The Liability of the Members of the Company is Limited)

V. 9240

THE WEEK'S NOTES

SOUTH-EAST ASIA SECURITY PLAN

The communique issued in London after the conclusion of the talks between Mr. Eden and Mr. Dulles does not support the more wild expectations of an immediate dramatic declaration of a new doctrine of security in South-East Asia. A Western warning to Peking against abetting the Viet-Minh will not, it is now stated, be issued until the Geneva Conference starts. Mr. Eden's counsel of moderation may be detected in this modification of Mr. Dulles's rather abrupt proposal for 'united action' whatever it meant. "We believe" runs the communique, "that the prospect of establishing unity of defensive purpose throughout South-East Asia and the Western Pacific will contribute to an honourable peace in Indo-China." Mr. Dulles had not completed the more important part of his mission which lay in Paris. There has been no reference to China in the London communique and its preamble only deplores the large-scale war by the Communist forces in Indo-China. The London talks represent for the time being the preliminary indications of a stronger Western policy, if the Geneva Conference should fail or get bogged down in a morass of counter-proposals. In part, this attitude may be a prophylactic against possible lines of Communist strategy at the Conference table.

The question of establishing a collective defence system in South-East Asia has long been discussed. The ANZUS Pact and the U.S. defence guarantee to the Philippines—which followed the Japanese Peace Treaty —were initial steps, since they were designed to give assurance to the countries concerned against possible threats from Japan. Britain did not reconcile herself to her exclusion and has always wanted a place in the ANZUS Council. The only newcomer at this stage will be France, because of Indo-China, and it is on the cards that Thailand also would be invited at a later stage. Though such a security system will be consistent with the regional arrangements permitted under the U.N. Charter, it is unlikely that it could be further extended because of the general policy of non-involvement of India, Burma and Indonesia. The second condition of feasibility or workability of a regional security pact is that it should be able to demonstrate in practice that it is not intended as a second line of defence for colonial rule, which French, and to a lesser extent British, participation would imply.

CONCORD IN MADRAS MINISTRY?

The ministerial team finally chosen by Mr. Kamaraja Nadar came as a surprise and was in many respects an improvement on the team that was expected in the ordinary course. The circumstances in which Mr. Nadar chose to get elected as leader, defeating Mr. C. Subramaniam, the candidate favoured by Rajaji, indicated a cleavage with the outgoing team which was not expected to be patched up. If Mr. Nadar had been keen on reversing the Madras Government's educational policy, Mr. Subramaniam who had taken a leading part in defending Rajaji's policies could not have joined the new Cabinet. Apparently such a easy reversal has now been made impossible by the blessings of the Central Advisory Board of Education as well as by the inconsistency involved in the same party changing its policies with every change of leader. There was no particular reason why the educational policy, which politically proved a good enough stick to beat the Rajaji Government, should now complicate the issue. If Mr. Subramaniam's continuance is a sign of concord between the two groups, all should be well with the new Ministry.

This would only be the beginning of its trials. There were some sound traditions of administration established by the previous Ministry which should be continued. The services were toned up and interference by politicians was rigidly excluded, helping the services to play their impartial role. Even the Communist critics went out of the way to declare in the Assembly before Rajaji's retirement that they were not making any charges of corruption against the Ministry—abandoning a favourite weapon of all anti-Congress parties. The temptation to seek popularity by dispensing political patronage cannot be easily resisted, especially by men accustomed to give importance to the organisational aspects of political parties. At the present time, however, it should be less difficult than usual, because of the standards now established; there must be a determination to maintain them. The Congress party has now been strengthened numerically by the absorption of certain communal parties thrown up during the last election. It points to the other danger to be guarded against, that communalism may find it more profitable to operate within the Congress party than it has been from outside.

CRITICS ON THE A.I.R.

Last week, the critics of broadcasting policy in the House noisily beat about the bush but did not start the hare. In his reply, Dr. Keskar was able to disarm them by seeking the sympathy of the House for the improper tone of their criticism. The attention of the House was not focussed on the real issues of principle relating to the Ministry of Information and Broadcasting. The question of retrenchment, the quality of programmes and the place of film music might well have been related to the larger question whether there should be departmental control of an important medium of publicity and entertainment. The issue was not properly raised and Dr. Keskar felt himself under no obligation to make even a reference to a point—which he had conceded in principle two years ago—that an independent corporation for broadcasting on the lines of the B.B.C. was more appropriate, if the funds could be found to run it. Not all the solemn protestations of his bonafides and his zealous campaign to eschew lowbrowism on the radio could have proved that departmental control of broadcasting in a democracy was not vicious. Critics had a right to dread of what it could become in future, even if they had been convinced that the rot had not already set in.

Bluntly stated, here is a Government which has not hesitated to model itself closely on British institutions but is yet reluctant to lose direct control over broadcasting, on some pretext or another. The inference is legitimate that the power-lust of the executive, manifested in other spheres, is at work here also. Even those accustomed to the increasing encroachments of an apparently benevolent despotism can legitimately fear that the benevolence may not last or may depend on the changing personalities at the top. Dr. Keskar may feel justified in being self-righteous about his own policies, but he had no right to take his successors also for granted.

The Minister's answers on the question of commercial broadcasting were only diversionary tactics to evade the main issue. It was a confession of defeat to argue that persons skilful in the choice of a variety of programmes became helpless in selecting the decent type of advertisements they could accept. Even privately-owned newspapers seeking high returns have often ruled out liquor advertisements and there is no reason why a public corporation cannot enforce standards. There was a minority opinion—including Lord Beveridge—in favour of this view in a

recent inquiry concerning the B.B.C. There should be no reason why the Government should not have instituted such an independent inquiry to report on the future of A.I.R. Obviously there is a desire to avoid the embarrassment consequent on a possible recommendation in favour of independent control, especially if the inquiry should reveal adequate sources of revenue for the self-sufficient working of an autonomous Broadcasting Corporation.

EMPLOYMENT IN FOREIGN FIRMS

The statistics of Indian employees in foreign firms shown in the annual review of the Ministry of Commerce and Industry show a decline of about two per cent in the number of non-Indians during the 18 months ending June 1953. The increase in the total number of Indians of about 17 per cent in the same period—from 19,080 on January 1, 1952 to 22,372 on July 1, 1953—has therefore been due to an absolute increase in the volume of employment, which is of great significance in the context of the discussion of the question of unemployment in the country. All these jobs were in the higher groups, drawing salaries of Rs. 300 and above, nearly two-thirds of them classified as technical and the rest as managerial. If the firms affiliated to the Associated Chambers alone have been able to show this much improvement in managerial and technical jobs—presumably with corresponding increases in subordinate posts—the state of the economy could certainly not have been adverse to the expansion of employment in other sectors about which full details are not available. It reinforces the opinion that employment, particularly educated employment, has not contracted but only that it has not expanded on the scale on which additions are being made to the working force. It is certainly desirable that the statutory and other powers now available for collecting industrial and other statistics should be utilised to get information about the developments in the other sectors.

As was only to be expected, 6451 of the total number of 7441 non-Indians employed on July 1, 1953, belonged to the group drawing a salary of Rs. 1,000 and above. They were more or less equally divided between the technical and managerial posts. The number of Indians in the same income group was 3251, ensuring one Indian to every two non-Indian employees. While one would very much wish further improvement in this respect, the main thing to concentrate upon is the expansion in the total volume of employment at all levels, since mere conversion can never be adequate. There were 7609 non-Indians on January 1, 1952 and it might have satisfied the more doctrinaire Indianisers to see this number merely halved, by the employment of Indians. But actually additional employment to the same extent has been created and it would be unreasonable to concentrate too much on the fact that the employment of non-Indians has declined only by two per cent.

PATCHWORK POLICY ON SUGAR

Whatever the particular virtues of the steps now taken by the Government of India for the sale of sugar at a uniform price of Rs. 31 per maund till the beginning of the next crushing season, the truth is that recent sugar policy has become a patchwork of ad hoc measures, confusing the consumer, the trade and the producer. The reason for the recent increase in sugar prices—if reasons have to be discovered at all for a tendency which has become a chronic feature of the sugar situation—was discovered in the future trading in sugar by speculators in U.P., Saurashtra and elsewhere. The Government withdrew last week the permission given to sugar mills to enter into agreements for forward sales. No further releases of sugar from factories are permitted for free sale but Government may buy sugar at "prevailing rates" if the factories desire. Whether this tinkering with the problem will check the recent spurt in all sugar markets remains to be seen.

Production of sugar this season has been shorter than in the previous one. In the first four months, production was 7.49 lakh tons, against 8.59 lakh tons during the corresponding period of the previous season. The despatches also have been correspondingly lower —396,000 tons against 480,000 in the previous period. The closing stock with factories was 593,000 tons on February 28, against 865,000 tons last year. This shortage was not unexpected but yet plans for imports on sufficient scale were not decided sufficiently in advance and arrivals have been only 248,000 tons up to the end of February.

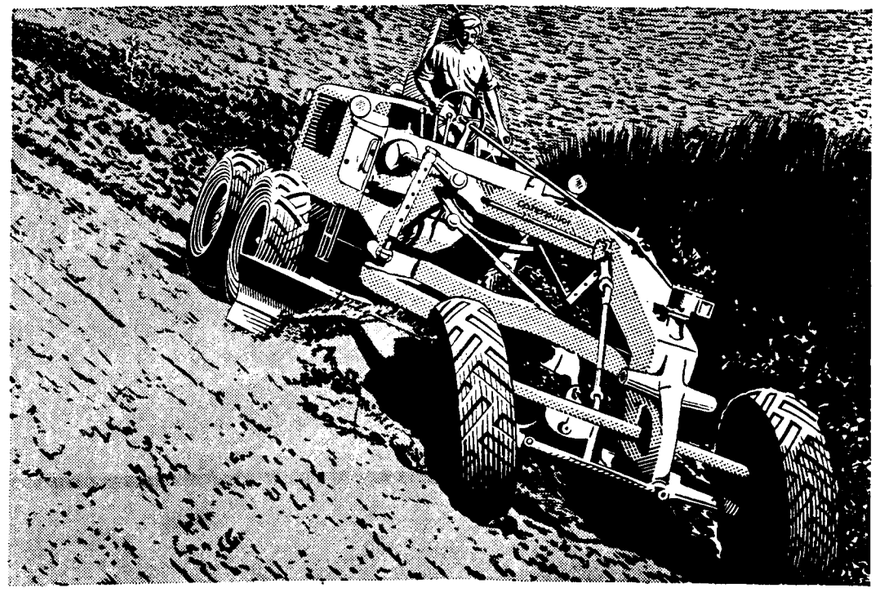
There has been a serious miscalculation on sugar policy and the Food Ministry, which was capable of devising adequate controls on food grains at strategic points, has not been equally imaginative in planning and carrying through an import and distribution policy in sugar which could easily counteract the effects of a shortage in production, without resorting to full controls on production and distribution. The distribution system has been too complicated to be an effective natural deterrent against speculative activity in sugar which has been the major source of worry all these years. A difficult period may be in store, at least until larger imports arrive.

PRODUCTION MINISTRY'S RECORD

The Production Minister's reply to the debate in the House on his Ministry's demands did neither contain a statement of policy on the management principles of State enterprises nor disclose that the Ministry has been giving serious thought to improving its contribution to the economy. The Ministry, of course, is responsible only for some part of the industrial development of the country in the public sector. The problems of the public sector are in fact much larger than those of the Production Ministry which has acted as a residual legatee of the enterprises not claimed by other Ministries, like Railways, Communications or Defence. The Sindri Fertilisers and the Hindustan Shipyard are the major undertakings under the Production Ministry's control. The others are in various stages of construction or planning of projects; the Hindustan Steel Company, the machine tool factory, manufacture of penicillin, D.D.T. and Cables are still raising only issues of planning and establishment. The rate of their completion is not rapid enough to create problems; and, at the moment, the tendency is not strong to add to the industrial projects in the public sector, at any rate of the kind which would come under the direct control of the Central Production Ministry. Whatever may be the position at some future date, it is certainly not true today that the case for a separate Production Ministry had been justified in the light of experience.

The completion of the steel project negotiations with the German Combine was the leading feature of the Production Ministry's record of achievement in the year under review. The position on coal was wholly unsatisfactory and it was no consolation to hear that not production but wagon capacity was the limiting factor. Mr. K. C. Reddy admitted that at some particular time, the number of wagons available for transport were in excess of the requirements but that "overall" availability fell short of the requirements. The fall in coal production by one per cent and the accumulation of pithead stocks of about a month's production have been attributed to the shortage of wagons moving above Moghulsarai. If there is any consolation in this explanation, it is in the confession that different limbs of the public sector can thwart one another as often as they hinder the private sector. This was not, however, an unusual situation and the lessons of earlier experiences have not apparently been instructive enough.

Why users choose Caterpillar Motor Graders



Caterpillar Motor Graders are BUILT!

Other makes are assembled from many different sources. Caterpillar designs and builds the engine, transmission, final drive, power controls, frame, circle and drawbar and blade mechanism.

Caterpillar Motor Graders are BALANCED!

Each size of Caterpillar Motor Grader is properly designed and balanced between engine horsepower, weight and working speeds. Proper balance results in higher production and lower operating cost.

Caterpillar Motor Graders are LONG LIVED!

99 per cent of all the Caterpillar Motor Graders ever built are still at work. Quality materials, design and manufacture are still paying dividends to owners...in some cases even after 22 years of useful work!

Caterpillar Motor Graders are VERSATILE!

Besides their ability to handle the toughest job expected of a good motor grader, these machines can also be fitted with the following attachments:

- *DoMor Elevating Grader*
- *Scarifier*
- *DoMor Road Widener*
- *Snow Plow and Wings*
- *DoMor Snow Blower*
- *Bulldozer Blade*

Caterpillar Dealers give good SERVICE!

Your Caterpillar Dealer's most important function is the servicing of Caterpillar equipment in his area.

You can be sure of adequate supplies of replacement parts and expert mechanical service when you buy a Caterpillar Motor Grader.

And NOW is the time to buy, because your Caterpillar Dealer can make early delivery on all models..50, 75 or 100 horsepower.

Caterpillar
REGISTERED TRADE MARK
DIESEL ENGINES - TRACTORS MOTOR GRADERS EARTHMOVING EQUIPMENT

Caterpillar Distributors in India

CALCUTTA	BOMBAY-1	NEW DELHI
TRACTORS (INDIA) LIMITED	LARSEN & TOUBRO LIMITED	WILLCOX (BUCKWELL-INDIA) LIMITED
P.O. BOX 323	P.O. BOX 278	P.O. BOX 289

Sales and Service

GOVERNMENT OF INDIA

3½ PER CENT NATIONAL PLAN LOAN 1964

Redeemable at par on 19th April, 1964

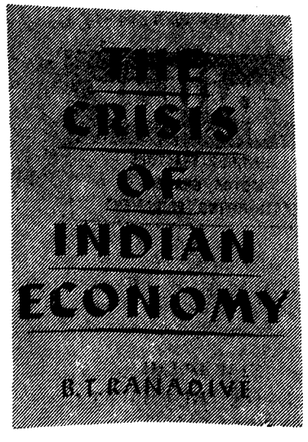
Subscriptions in cash/cheque will be received without limit from 19th April 1954 until further notice.

Issue Price Rs. 98-8-0 per Rs. 100 (Nominal). As interest accrues from 19th April, 1954, recovery on account of net interest will be made at the rate of 9 pies for every Rs. 100 from 26th April to 1st May 1954, thereafter increasing by 9 pies per week.

Applications will be received at the offices of the Reserve Bank of India at Bombay, Calcutta, Delhi, Madras and Bangalore, at the branches of the Imperial Bank of India at other places in India except in the States of Hyderabad and Mysore, at the branches of the Hyderabad State Bank in Hyderabad State, at the branches of the Bank of Mysore Limited at Mysore, Shimoga and Mandya in Mysore State and at all Government treasuries and sub-treasuries.

For full particulars apply to any of these offices, branches or treasuries.

A BOOK OF ABSORBING INTEREST



Revised Second Edition

276 pp. Rs. 3-12-0

A detailed study of the present economic situation in the country and the ways to improve it. The first edition of this book was widely commented upon in the press as the most well-documented factual study of all aspects of Indian economy. Facts and materials and economic datas have been collected from most authoritative sources.

PEOPLE'S PUBLISHING HOUSE LTD.
190 B Khetwadi Main Road
BOMBAY 4

WORLDGRAM

INDUSTRY

Japanese Steel Production Plan for 1954: The Japanese Ministry of International Trade and Industry has drawn up plans of steel production for the current fiscal year, and given out the final figures as 5,560,000 tons of steel including 5,360,000 tons of ordinary steel and 200,000 tons of re-rolled steel, and also 4,600,000 tons of pig iron. These amounts do not necessarily show any noticeable increase from the actual output of the current fiscal year. Categorical breakdown of the production plan is as follows: (Figures quoted are in 1,000 tons showing planned output and output in 1953 respectively): Rail 330 (330); steel shape 560(530); steel plate 1,130(1,400); steel sheet 930(910); tin plate 120(100); silicon steel sheet 40(40); cold finished sheet 50(40); wire rod (550 (450); pipe 460 (360); tire 20(10); hoop 150 (180); steel bar 1,220(1,020); Total 5,560(5,370).

* * * * * * *

Certification Marks: Draft rules to implement the provisions of the Indian Standards Institution (Certication Marks) Act, 1952, have been published. The idea of this Act is to assure purchasers that goods or services have been inspected, tested and certified by some competent agencies and that they may be purchased with more than ordinary assurance that certain standards of quality have been observed. The rules will be brought into force from July 1, 1954; they provide for the establishment and publication of Indian Standards and Standard Marks and indicate the procedure to be followed for making applications for the grant of licences. They confer on the Indian Standards Institution power to cause preliminary enquiries to be made before actually granting a licence to use the Standard Mark on any product or process. Provision has been made for the suspension or cancellation of licences if it is established that the Standard Mark is being misapplied or if the licensee has failed to provide reasonable facilities to inspectors appointed for the purpose of conducting enquiries, etc. Contravention of any of the provisions of the rules has been made a punishable offence.

* * * * * * *

Cloth and Yarn Mills in Bombay: The Bombay Labour Minister recently stated that out of 846 cloth and yarn mills and other cloth factories in the State, about 300 are closed at present either totally or partially. Uneconcmic working, lack of finance, slump in trade, accumulation of stocks and shortage of coal were the major reasons contributing to their closure. He added that out of over 400,000 workers employed in all these factories about 37,000 persons had been thrown out of employment.

* * * * * * *

Industrial Development Corporation: Major details pertaining to the Industrial Development Corporation proposed by the World Bank-cum-American Investment Mission had been finalised, according to Mr. A. D. Shroff, a member of the steering committee that discussed these details with officials of the World Bank at Washington and New York. Mr. Shroff stated that officials of the World Bank might visit India some time next month to finalise some minor details regarding the Corporation. According to indications available, the proposed corporation might come into being during the later half of this year.

* * * * * * *

Instrument Factory at Calcutta: The reorganisation of the National Instrument Factory, Calcutta, at a cost of Rs. 1.82 crores is well under way. The scheme covers construction of new buildings, purchase of balancing equipment and of new machinery to replace old and obsolete ones. In the first nine months of 1953-54, the value of production including repairs is Rs. 12 lakhs. The level of production and repair work attained in 1952-53, viz., Rs. 18.15 lakhs, is expected to be maintained in the current year. Some new items of manufacture like theodolities, high temperature thermometers and certain new processes have been developed. Several other new types of instruments have also been taken up for development.

* * * * * * *

French Oil Production: During 1953 the French Oil Industry made considerable progress, not so much in quantity as in refining capacity, and is now able to meet domestic demand. The total production of oil in the French Union reached 557,166 tons, as compared with 497,107 tons in 1952. The deposits at Sidi-Aissa near Aumales produced 85,000 tons in 1953, nearly double of that produced in 1952. The Lacq fields in France have trebled their output in three years. Prospecting is being actively carried on in Alsace, the Landes, Camaraques and other places where oil-bearing deposits have been found.

AGRICULTURE

India Preparing to Meet Locust Threat: The Government of India are preparing to meet the impending locust threat in the desert area on an adequate scale, and advising the State Governments accordingly. As yet no major swarm activity is reported from any part of India and the population of scattered locusts is very low. Pakistan continued to be free from swarms during the month of March. Breeding was, however, in progress on an extensive scale in Iran, Kuwait, Central and Coastal Saudi Arabia and Jordan. In Africa, heavy breeding was imminent in Kenya, Tanganyika and the Somalia Peninsula.

* * * * * * *

Irrigation Projects for the Second Five-Year Plan: The Planning Commission has called for details from the State Governments regarding irrigation and power projects which they would like to be included in the Second Five-Year Plan. The Commission has appointed a Technical Committee to recommend projects for inclusion in the Second Five-Year Plan. Information has been called for on the following aspects of each scheme: (a) the scope of the scheme and the area to be benefited, (b) whether the scheme has been or is still to be investigated, (c) period required for construction and development, (d) phased programme of works and benefits, year by year, (e) expenditure involved, internal and external, and (f) priority accorded to the scheme and its relationship to any other scheme which the State Government has undertaken or proposes to undertake. Details of phasing of expenditure and of the works programme have been called for, to enable the State Governments and the Planning Commission to appreciate the extent to which schemes taken up durring the First Plan involve commitments for the second five-year period.

TRADE

Increased Allied Trade With China: Allied trade with China last year topped the 1952 levels of exports and imports according to U.S. Government analysis of foreign trade statistics. The analysis shows that non-Communist Allied nations, excluding the United States, sent goods worth an estimated 270 million dollars

(about 96,428,500 sterling) to China last year compared with 256,500,000 dollars (about 91,600,000 sterling) worth in 1952. In 1952 China sold 365,800 dollars (about 130,642,850 sterling) worth of its products in Allied markets, including 27,700,000 dollars (9,750,000 sterling) worth of feathers, bristles, furs and art work to the United States. An increased trade drive early in the following year enabled them to boost their sales to the Allies to an estimated 425,000,000 dollars (about 151,785,000 sterling). Among the major purchasers of Chinese eggs, oilseeds, raw silk and other items were Japan, West Germany and Britain.

* * * * * * *

Japan's Cotton and Rayon Export: A trade survey published predicted that Japanese cotton exports to the sterling area this year might total 192 million yards more than last year and her export of rayon and mixture goods might increase by 50 million yards. The survey issued by a Manchester firm of stock-brokers stated that an increase in Japanese competition might stimulate India to compete more strongly against both Japan and Lancashire. The cotton experts who conducted the survey forecast that if Britain lost all the export trade that Japan gained, it would be equivalent to almost five weeks' output of cotton piecegoods and slightly more than three weeks' output of rayon and mixture fabrics. The British home market might, in addition, be unsettled this year by the decision to import a relatively small quantity of Japanese cotton and rayon goods.

MISCELLANEOUS

Review of Staff Requirements: The special team of officers appointed to review the staff requirements of the organisations of the Government of India has so far covered the Ministries of Food and Agriculture, Irrigation and Power and Labour, the office of the Union Public Service Commission, Commerce and Industry Ministry, the Ministry of Communications, the Overseas Communications Service, Post and Telegraphs Department, and the Roads Organisation, Directorate-General of Shipping and Lighthouse Department of the Ministry of Transport. The recommendations of the special team, relate mainly to (i) reduction in staff and (ii) improvements in procedure where waste of effort or/and duplication of labour had been detected. The unit had also suggested avenues of additional revenues in respect of some offices.

* * * * * * *

Tuberculosis Association of India's Accounts: The receipts of the Tuberculosis Association of India amounted to Rs. 1,269,486, including grants from the Centre aggregating to Rs. 773,400. The expenditure during the year amounted to Rs. 1,263,267, including a sum of Rs. 780,799 spent for specific purposes out of the Centre's grants and the unspent balances of 1952. The expenditure on the fourth Seal Sale Campaign amounted to Rs. 221,271. The accounts of the fourth campaign will be finalised by the end of this year. A sum of Rs. 324,699 remains outstanding with the State Associations and other Seal Sale Organisations.

* * * * * * *

Co-operation Spurs Overseas Health Programme: The U.S. Foreign Operations Administration (F.O.A.) announces that 38 nations have requested U.S. aid in developing health programmes under the Technical Co-operation Programme, which began in 1950 and 1951 in the Near East, South Asia, Africa and the Far East. Countries assisted under this programme have made larger contribution in terms of personnel and money, than the United States. Three hundred and sixty-six U.S. technicians are working overseas. India, Egypt, Iran, Iraq, Israel, Jordan, Lebanon, Saudi Arabia, Liberia, Libya, Afghanistan, Nepal and Pakistan are participating in joint health projects. F.O.A.'s Health Advisory Committee suggests mass campaigns against malaria, yaws and nutritional deficiences suffered by millions of people in these areas.

* * * * * * *

Central Advisory Board on Minimum Wage Fixation: The Central Advisory Board meeting in Bombay will determine the principles for the fixation of minimum wages with a view to recommending them to the appropriate Government. The Board will examine the employments which should be added to the schedule, and study disparity in wages fixed for men and women in the same occupation. It will make recommendations regarding uniformity in payment for weekly days of rest and wages for overtime work. Difficulties of enforcement of the Act in small establishments and the question whether units in scheduled employments engaging less than ten persons should be exempted from the provisions of the Act, will also be considered by the Board.

* * * * * * *

Ownership and Management of Railway Collieries: Ownership of the railway collieries has been transferred to the Production Ministry of Government of India with effect from April 1, it is announced in a resolution of the Ministry of Production published in a "Gazette of India Extraordinary". The details of the transfer, including financial adjustment between the Central and railway revenues, and the future form of management of these collieries are under consideration. The ownership of 11 collieries with an aggregate production capacity of 3 million tons a year passes from the Railway Ministry to the Ministry of Production.

* * * * * * *

Earnings of Factory Workers: An increasing trend in the earnings of factory workers in the industrially developed States of Bombay, Madras and West Bengal in 1951, is indicated according to the returns received by the Central Ministry of Labour under the Provisions of the Payment of Wages Act. According to these returns the average annual earnings of workers in the establishments which furnished the returns, rose from Rs. 966.9 in 1950 to Rs. 1,035.4 in 1951. These establishments which furnished these returns employed about 23 lakhs of workers. The average earnings of workers dropped from Rs. 936.8 in 1950 to Rs. 862.0 in 1951 in Madhya Pradesh and from Rs. 771.3 in 1950 to Rs. 756.0 in 1951 in Punjab. Increased earnings of workers in industrially developed States is partly due to bonuses granted and partly because less man-days were lost in industrial disputes in 1951 compared to 1950. The increases in average earnings in perennial industries in 1951 as compared with 1950 were from Rs. 1,170 to Rs. 1,270 in Bombay, from Rs. 877 to Rs. 942 in West Bengal and from Rs. 591 to Rs. 684 in Madras. In the textile industry, the average earnings in 1951, amounted to Rs. 1,044 as compared to Rs. 971.4 in 1950. During the year under review, the average earnings were lowest in processes allied to agriculture, these being only Rs. 154.9 and highest in basic metal industries with Rs. 1,368.2.

NEWS IN BRIEF

INDIAN

The Hindustan Antibiotic Limited, registered under the Indian Companies Act, will take over the control and management of a State-owned penicillin factory to go into production soon, near Poona. The authorised capital of the company is Rs. 4 crores.

* * * * * * *

Manufacture of marine engines required by the Indian shipbuilding industry is expected to commence soon in Faridabad. The plant and machinery have been received by India as German reparations and will be operated by the Tatas.

* * * * * * *

The Central Government has allotted a loan of Rs. 15 lakhs to Assam for setting up a State Financial Corporation. The proposals are expected to be finalised by the end of April.

* * * * * * *

The Government of India have decided to take steps to increase indigenous production of sugar in view of increased internal consumption. It is expected that new factories will be established, existing ones expanded and more refineries set up.

* * * * * * *

Since the accession of Kashmir to India, the State has received loans totalling Rs. 8.61 crores from the Union Government. No repayment has been made so far, but Kashmir has paid interest on loans accruing till March 1952, totalling Rs. 49.88 lakhs.

* * * * * * *

The Union Minister for Agriculture recently announced plans for the setting up of a Central Co-operative Marketing Board. Proposals have been circulated to the various State Governments. A meeting of State Agricultural Ministers is to be held shortly in Hyderabad in this connection.

* * * * * * *

The Union Railway Ministry has earmarked Rs. 4.5 crores to build new quarters during the current financial year. Ninety-five per cent of the total provision will be devoted to Class III and IV Staff requirements; part of the allocation will be spent on alterations and improvements in existing quarters.

* * * * * * *

The Union Government have sanctioned a loan of Rs. 1.75 crores to the West Bengal Government for the reclamation of 48,600 acres of land near Calcutta, to be used mainly for the resettlement of refugees from East Bengal.

* * * * * * *

During 1953, 21,136 tons of dry weight rubber were produced in India, 22,373 tons of raw rubber were consumed by rubber goods manufactures, 272 tons of raw rubber were imported into, and 65 tons of raw rubber exported from India.

* * * * * * *

The Union Government has announced State awards for the best feature film, children's films and documentaries. Besides all India awards, regional awards for different linguistic groups have been instituted. All films produced in India, and forwarded through the regional offices of the Central Board of Film Censors are eligible.

FOREIGN

The United States Secretary of State told the Foreign Affairs Committee recently that the Eisenhower Administration had recommended $850 million economic aid for India.

* * * * * * *

Japan and the United States have agreed to reduce Japan's contribution to Joint Defence Expenditure by $7 million. Under the Mutual Security Pact, Japan has provided $155 million a year to American military forces in Japan for transport services and supplies.

* * * * * * *

Two British Oil Companies—Shell and Anglo-Iranian—are examining the feasibility of establishing oil refineries in Ceylon. The project, estimated to cost several million pounds sterling, will be jointly financed by the Companies and Ceylonese capital.

* * * * * * *

French food subsidies to Mauritius, amounting to about three million rupees, will be stopped in July according to the 1954-55 estimates.

* * * * * * *

One-third of the new U.S. Foreign Aid Programme for the year beginning July 1, amounting to about $1,165.9 million, will be related to the war in Indo-China, according to the Director of the Foreign Operations Administration.

* * * * * * *

A trade survey reveals that imports by the U.K. from Commonwealth countries comprised 49.2 per cent of British purchases in 1953 (45.3 per cent in 1949). British exports to Commonwealth countries were only 49.3 per cent of her total trade (51.1 per cent in 1949).

* * * * * * *

During 1953, the Netherlands produced 593,500 tons of pig-iron; 859,500 tons of crude steel; 191,900 tons of iron foundry products and 688,000 tons of steel rolling mill products. The corresponding figures for 1952 are 538,700; 685,000, 186,100 and 439,000 tons respectively.

* * * * * * *

According to estimates relating to figures of consumption of petroleum products, the United States comes first, Canada second, United Kingdom third, France fourth and Australia fifth.

* * * * * * *

The Bank Deutscher Laender announces that all blocked Mark balances which existed in West Germany on March 31, except dollar area balances, can now be freely transferred. Banking sources estimate the total value affected to be about 500 million Marks (over £40 million). Dollar area balances (50 million Marks or £22 million) remain blocked.

* * * * * * *

Australia has spent £A7.74 million in economic aid to South-East Asian countries under the Colombo Plan, against a total commitment of £A 34.75 million. India has received goods and services valued at £A 4.15 million, Pakistan £A 2.68 million; Ceylon £A .71 million and Indonesia £A .20 million.

* * * * * * *

Iran has signed a $2-million trade agreement with Japan, involving 134,500 tons of Japanese rice. This deal is expected to pave the way for a $15-million barter agreement in the coming year.

THE SOORAH JUTE MILLS COMPANY LIMITED

NOTICE is hereby given that the 117th Ordinary General Meeting of the Shareholders of the Company will be held at the Principal Office of the Company at No. 8, Royal Exchange Place, Calcutta, at 2-30 P.M. on Wednesday the 12th May 1954 for the following purposes:

(1) To receive and consider the report of the Directors and to pass the audited accounts for the year ended 31st December, 1953.

(2) To declare Dividends on Ordinary and Preference shares.

(3) To elect Directors in place of those retiring by rotation.

(4) To appoint Auditors and fix their remuneration.

(5) To transact any other business which may be brought before the meeting with the permission of the Chairman.

The Share Transfer Books of the Company will remain closed from 1st to 12th May, 1954 (both days inclusive).

By Order of the Board,

Hindusthan Investment Corporation Ltd,

Managing Agents.

CALCUTTA,

9th April, 1954.

In particular to Mr. Alexander Holmes King and Mr. Kasam Ahmad Vaiz.

NOTE: If Dividends on shares as recommended by the Directors are declared at the meeting, THE DIVIDENDS WILL BE PAYABLE ONLY TO THE REGISTERED SHAREHOLDERS, whose names are on the Company's Register on 12th May, 1954. No application need be sent for dividends, as relative Dividend Warrants will be posted to such Shareholders by the 25th May, 1954.

The Shareholders are advised to notify any change of address.

THE BELSUND SUGAR COMPANY LIMITED

NOTICE

The Annual Ordinary General Meeting of the Shareholders will be held at the registered office of the Company, 14, Netaji Subhas Road, Calcutta, on Thursday, the 6th May, 1954, at 11-30 A.M. for the purpose of receiving the Directors and Auditors' Report for the year ended 30th September, 1953, passing the Accounts, declaring dividends, electing Directors and Auditors in place of those retiring and transacting any other business that may be brought forward.

Notice is hereby given that the Share Transfer Books of the Company will be closed from 29th April to 6th May, 1954, both days inclusive.

The Dividend Warrants will be sent to Registered Shareholders.

By order of the Board,

Per Pro BANGUR BROTHERS LTD.,

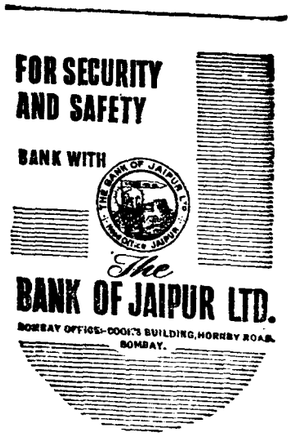
Sd/- N. D. BANGUR,

Managing Agents.

14, Netaji Subhas Road,

CALCUTTA,

Dated, 8th April, 1954.



A Window On The World

MIDDLE CLASS ILLFARE

By

ODYSSEUS

MY PERSONAL AFFAIRS are of no importance to anyone except God, who (I was taught to believe) takes a close interest in my welfare. If that is so, my plight in this Welfare world tempts me sometimes to wonder, in such leisure as I have left me, who the Devil has distracted His attention from me. "Pardon me," observes the sadhu at the back of the class, looking up mildly, "God has never said that He would guarantee you a pleasant time in this world. His rewards—if you deserve them—await you in the hereafter." In that case, it is my considered opinion that I am qualifying straight for Nirvana, or, at the very least, re-incarnation as a Comptroller of Import Licences.

Before offering evidence in support of this confident assertion, may I say that I see no reason to apologise for revealing the secrets of my personal life in these grave and learned columns, for "The Eastern Economist" is concerned to explain the contemporary world in terms of economic theory; but all theory is, or should be, based on observed facts, and since the facts that I am about to outline seem to me (a) to make nonsense of existing economic theory, and (b) to be typical not of me alone but of the majority of middle class workers in all countries, I can think of no better place to ventilate them than in this periodical, over which so many revered economists pucker their brows. As men of science I am sure that they will welcome what follows as providing some first-hand field data.

My wife, myself, and our three teen-age children now live in a modest house on the coast of North-East Scotland. It is my pleasure and my duty to support this family by the sweat of my typewriter until such time as the children have completed their education. By profession, I am a publicist and author. It would therefore be natural to expect me to spend all my working hours at my professional work. Most office employees are supposed to work roughly from 9 a.m. to 6 p.m., with an hour off for lunch and a day and a half off per week, i.e., 39 hours a week. Such a working week enables a man to keep himself broadly abreast of what is going on, to exchange ideas, and to lead a sufficiently unhurried life to bring to his work his fullest physical energy and the fullest play of a lively imagination that leads him to spot more efficient ways of production.

I, on the other hand, do a seven-day week of around 63 hours. This enables me to keep the arrears in my literary production to manageable proportions. "Either you have taken on too much, or you must be an extraordinarily slow worker," someone suggests. Not at all. If I only had my professional work to do, I could manage it in a 40-hour week with ease; but besides writing this column (which, as I have on occasion remarked before, does not, alas, write itself), and getting books out of my head on to paper, with all the research that that involves, I spend a large part of my time in such tasks as: (1) feeding a dozen hens, collecting their eggs, cleaning out the hen-house; (2) feeding and watering four geese; (3) cleaning and filling oil stoves; (4) shovelling coal and coke from the outside container into scuttles for the kitchen fire; (5) dusting and vacuum-cleaning my study; (6) making my bed; (7) emptying the kitchen grate and filling with the cinders the ruts in the approach to my house; (8) washing up for six people after dinner, cleaning out the kitchen and scullery, and emptying the garbage pail—this eighth item involves an hour's work a day by itself. In addition to this seven-day a week routine, I am periodically required; (9) to use up half to three-quarters of a precious working day to cycle in to the market town of Elgin (8 miles from my home to the post office) to see to the repair of my typewriters, or to procure household supplies, and (10) to creosote the garage (which does not shelter a car, but a plethora of packing-cases that come in most useful around the house), the hen-house, the cycle shed, and the exterior timbers of the house; thank goodness, the geese live out in the open and need no shelter! Finally, (11) I have on occasion been called upon to look after my wife and my mother-in-law both in bed with 'flu, which rendered it necessary to get the children's breakfasts and to see them off to school and to do my writing work with half an ear open in case the invalids wanted anything during the day. My wife, I think it fair to add, in case I have created the impression that I am the only person who does any work in the home, is on her feet from 6-30 a.m. cooking, cleaning, scrubbing, shopping, washing clothes, mending, etc., etc. until 10 p.m. or later. She is, it is relevant to add, an honours graduate. Without her aid I could not have carried out a certain social investigation on which I was engaged in India in 1951-53.

My wife and I take time off from more intellectual and more productive work because to do these various jobs would require two servants who, in compulsory employee's insurance, paid holidays, wages, food, and living space occupied, would cost us at least Rs. 600 a month. What with Income Tax and the high cost of living, such expenditure on domestic service is out of our reach.

CONSPICUOUS WASTE IN WONDERLAND

That my wife and I should be compelled by policy of state to give between us more time to housework than to making use of the skills for which we were expensively trained suggests that the Welfare state has thought up an upside down Alice in Wonderland application of Thorstein Veblen's famous theory of conspicuous waste.

"Ah!" says the Socialist in the class, "I thought you were working up to that. You bemoan the 'good old days' before the Welfare state when incomes were so badly distributed that you could afford to employ underpaid household servants. Well, we've changed all that. By taking the surplus from the rich, like you, and giving it to the poor through the Social Services we've equalised incomes. And," he adds with a certain satisfaction, "it won't do you any harm to wait on yourself for a change."

You mistake me if you think that I object to doing all these jobs because they are menial or because I feel a snobbish disdain for them. On the contrary, I extract a good deal of fun out of them. I have a craftsman's pride in leaving the kitchen sink clean, and the pots and pans spotless; I endow my emptying of the garbage pail with a rhythmic sweep which would arouse enthusiasm in any artistically discerning spectator (the technique for doing this with a gale blowing can be learnt—as I found—after a single disastrous experience).

No, I do not object to these chores on snobbish or aesthetic grounds but for purely economic reasons. Taxation from the erstwhile "surplus" of the "rich"

has equalised incomes in Britain? Everyone repeats this as though it were an axiom, that is, a self-evident proposition requiring no proof. The truth is, however, that the cost of the Social Services in the U.K. (which includes old age pensions, unemployment and motherhood benefits, free education, medical treatment, hospitalisation, etc., etc.) was £1,800,000,000 in 1950 (the latest figures to my hand), whereas the sum raised by taxing the surpluses of those with incomes above £1,000 a year yielded only £784,000,000. And a study by the E.C.A. mission to the U.K. revealed that lower-income families taken as a whole pay more into the exchequer by way of direct and indirect taxes than they take out of it by Social Services!

COMMON MAN, OR COMMON ABORIGINAL?

Not only is the Socialist assertion that taxation of the "rich" on such a scale benefits the poor untenable but, as my personal experience suggests, it reduces the productive capacity and the efficiency of the very people on whom the Welfare state depends for its existence, and above all for its progress—the middle classes. Without philosophers, mathematicians, school teachers, economists, doctors, editors, lawyers, chartered accountants, engineers, chemists, and technologists of all kinds, today's Common Man would sink back into yesterday's Common Aboriginal. Such material advances as the masses in all countries have achieved had in the past been due to the efforts of a privileged few. Today the masses depend on the intellectual resiliency and the trained skills of the middle classes to raise their standards of living. For the sake, however, of a theory which I have shown to be unsupported by the case of Britain—the prototype of Welfare states—the middle classes are being denied the leisure and the relaxation which, to them, are not luxuries but occupational necessities.

If, as the E.C.A. reports, the lower-income families for whose sake these inquisitorial taxes are imposed actually suffer from them, whom, one may ask, do they benefit? The provisional answer, that I propose to investigate further, is that what is essentially being redistributed is not income from rich to poor but power from the individual to the state. If this is true of the prototype Welfare state, it may also be true of the models subsequently erected in India and elsewhere. In all democratic countries, rich and poor alike, we are, I believe, fettering the bonds of the state ever more tightly around us; indeed hugging them to ourselves in the belief that they are inevitable, part of the march of progress.

Such reflections as these have suggested to me the need of an attempt to prod our social theorists into re-assessing the basic assumptions of the Welfare state. We need to think out anew where we stand in relation to Socialism, Capitalism, Free Enterprise, Democracy, Liberty, and Equality. I shall be groping my way in this column towards a clearer understanding of these problems in the course of the next few weeks.

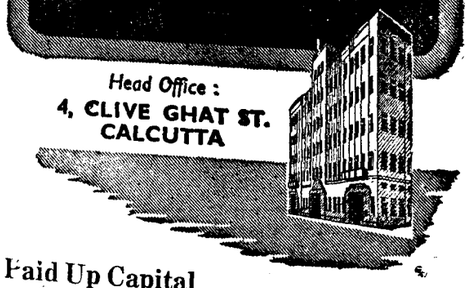


LEIPZIG
FAIR
1954
and Technical Fair

For information and details apply to:
Associated Chambers of Commerce of India
2, Clive Street, **Calcutta.**
Indian Chamber of Commerce
Security House, Netaji Subhas Road, **Calcutta.**
Indian Chamber of Commerce
13/73, Oppanakara Street, **Coimbatore.**
United Chamber of Trade Associations
Chandni Chowk, **Delhi.**
Madras Chamber of Commerce
Dare House, First Line Beach, **Madras.**
Federation of Indian Chambers of Commerce
& Industry, 28, Ferozshah Road, **New Delhi 5**

LEIPZIGER MESSEAMT POSTFACH 329

United Bank of India Ltd.



Head Office :
4, CLIVE GHAT ST.
CALCUTTA

Paid Up Capital & Reserve Over Rs. 3,68,00,000/-
Working Funds Over Rs. 34,14,00,000/-

INVEST IN OUR 3 YEARS' CASH CERTIFICATES encashable at any time after 6 months. Yield Over 3% per annum on maturity.

Foreign Agencies

ENGLAND, U.S.A., AUSTRALIA, CANADA, FRANCE, BELGIUM, NORWAY, SWEDEN, SWITZERLAND, HOLLAND, ITALY, JAPAN AND GERMANY.

A DELHI DIARY

RATIONALISATION WITHOUT TEARS

BEHIND closed doors a Conference on Rationalisation has been in session for two days this week and has, it seems, even captured the spotlight from the South-East Asian Defence Proposal which broke loose on New Delhi on Wednesday. This order of priorities seems to me sensible enough; rationalisation is a matter for here and now. The South-East Asian Defence Pact may or may not mature; if it does, there will, one hopes, (even if we are outside it!) be added defence for India. If it does not come off, we are no worse off. Therefore, we do not stand to lose and may stand to gain. On rationalisation, it seems, the situation is more complex! In any case, I applaud at least a decision which makes a domestic issue more important than an international one. So often (alas!) it is the other way round!

On Wednesday, the debate (suffering pressures akin to suppressed inflation!) broke cover in the House of the People. Mr. T. T. Krishnamachari, the Minister for Commerce and Industry, was at his best. He gave an assurance to labour that it would not suffer. He was in favour of the creation of a Rationalisation and Unemployment Fund. He pointed out (just as Rome was not built in a day!) that the replacement of machinery was a time-consuming process. It was perfectly possible to provide alternative work or compensation to those replaced. They would not be thrust forth in thousands; it was a matter of manageable adjustment. The Minister carried the House with him, and a mean attempt to cast a slur on his great integrity was treated as it deserved to be. I thought it a great pity that a certain (unmentionable!) organ of the Press had been in the first instance to blame!

THE RULES OF THE HOUSE

A statement by the Prime Minister on the Anglo-U.S. proposal to examine collective defence arrangements in South-East Asia was deferred not only because of the prior occupation of the House with rationalisation (otherwise described as the demand for grants of the Ministry of Commerce and Industry!). On Thursday, the Speaker barred the way. The Prime Minister had just made a statement on Goa in which he made it clear that the use of foreign enclaves in India as bases by foreign powers "will meet with opposition from us". Mr. Sadan Gupta (often described irreverently as the blind Communist from West Bengal!) then enquired about the position of his motion drawing attention of the Prime Minister to the reported Pacific Pact. The Speaker replied that, if the motion was accepted, the Prime Minister would be asked to make a statement at his convenience.

The Prime Minister was quickly on his feet. He said that, irrespective of the motion, he would like to make another statement and sought the Speaker's permission. The Speaker replied that, under the rules of the House, two statements could not be made (presumably by the same person) in one day. The Prime Minister was free to make his statement on Friday. (Good Friday is no holiday for Parliament). When the Prime Minister pointed out that he would not be in the capital on Friday, the Speaker was still firm. He said the Prime Minister could make his statement on his return.

This is a small incident but it shows how well democratic practice is being developed in the House. The Prime Minister was certainly inconvenienced and will not incidentally, because this will involve a technical breach of privilege, be able to refer to this pact during his present tour to the South. And thus in effect the Speaker, in upholding the dignity of the House and its rules, has affected the course of things outside it. But I think everyone is glad that the rules of the House have not lost their force by a concession even in this very special case of the Prime Minister. Was I imagining, or was the Opposition visibly impressed?

THE MINISTRY OF FINANCE

There was some interesting backwash of the Financial Control argument in the debate on the Demand for Grants of the Ministry of Finance on Thursday. Mr. Tulsidas Kilachand, whose authority on financial matters is naturally greatly respected in the House, spoke cogently on the need of some form of Parliamentary supervision over the development expenditure incurred by the States. He said there were big shortfalls in such expenditure. He thought that just as in the case of foreign aid India had accepted a certain amount of supervision from countries which had given her assistance, the State Governments should accept such supervision in respect of the large amounts given to them by the Centre. He suggested that the balance sheets of the various State projects should be made available to the Members of the House so that the House could debate them. This seemed to me a very innocent request.

Surely, Parliament which is ultimately responsible for scrutiny of expenditure from Central funds should have the authority to study the balance sheets of these projects and at least make suggestions to the Ministries concerned. It is true that at the moment few Members of Parliament are equipped to make constructive suggestions, and often Members of Parliament treat officers providing explanations as prisoners (or at least witnesses!) in the dock. But this situation which is due generally to lack of understanding in financial matters will not improve unless Members of Parliament are shown, mostly on the site, the great difficulties of exercising control over expenditure. In the early stages of the multi-purpose projects, for example, there were often no project reports available in New Delhi. For reasons of their own, some (not very good!) engineers worked without reference to sanctions. Must a Central Ministry (and particularly its Secretary) be held responsible for all the sins of omission and commission of hundreds of men at every level in the expenditure scale? Obviously they cannot be; once this is realised, officers giving evidence before Estimates and Public Accounts Committees will not be treated as though they were prisoners in the dock!

I suggest that there should be some two-way traffic here. Of course, Parliament must have all the information to which in spirit as well as in the letter it is entitled. But Members of Parliament must understand the complexity of the task and its innumerable accounting pitfalls before they present their views on technical issues. I cannot help feeling that the real answer is a separate Parliamentary Secretariat equipped to provide technical services of this kind. At the present time, the Parliament Secretariat is quite incapable of presenting views substantially different from those of the main Secretariat. And few Members of Parliament have much confidence in its technical competence in financial assessment. Cannot this situation be changed without a new supplementary demand in crores of rupees?

ARGUS.

An Interview with Shri V. T. Krishnamachari



This is the third in the series of "The Eastern Economist's" special interviews. The country has entered on the fourth year of the present Plan and the preparation of the second Five-Year Plan has already been taken in hand. The Editor has, therefore, obtained an authoritative clarification of some interesting topical issues from the Deputy Chairman of the Planning Commission. In view of Shri V. T. Krishnamachari's intimate association at all stages with the formulation and implementation of the present Five-Year Plan, his answers will certainly command widespread interest both in India and abroad.

THE SHORTFALL IN EXPENDITURE

Question 1. There is a widespread feeling that the Government is unable to spend the funds allotted for the public sector. Would you care to comment on this point in the light of this year's budget allocations?

The position regarding the progress of expenditure under the Plan has been stated at some length by the Finance Minister in his reply to the Budget debate in the Council of States and in the House of the People. **Briefly the position is that as against the earlier estimate of Rs. 1,000 crores of expenditure by Central and State Governments in the first three years of the Plan, the latest estimate is that the total of this expenditure will approximate to Rs. 945 crores.** The shortfall—amounting to Rs. 52 crores—occurred in 1952-53, the level of expenditure in that year being Rs. 271.2 crores as compared to the earlier estimate of Rs. 323 crores. The shortfall has occurred in the Centre as well as in the States, the latter being Rs. 11 crores. The shortfall of Rs. 41 crores at the Centre has arisen under various heads, the major ones being railways, community projects and rehabilitation. **In the case of the railways the failure to spend was due to non-availability of locomotives, wagons and other equipment.** As regards community projects, it has to be borne in mind that these were launched only in October 1952 and it took time for the necessary administrative arrangements to get established fully.

While the fact of expenditure having lagged behind cannot be questioned, there is no doubt that the rate of expenditure is being stepped up as the administrative arrangements are gaining in efficiency and the deficiencies in certain categories of personnel are being made good. The revised estimates for 1953-54 at Rs. 412 crores are close to the budget estimate of Rs. 414 crores of development expenditure by the Centre and the States taken together. The Plan was finalised towards the end of 1952, and 1953-54 was really the first year of intensive effort. **The Plan is now definitely gathering momentum, and while it is possible that over the five-year period there will be some shortfall as compared to the enlarged size of the Plan which now comes to Rs. 2,244 crores, the position taken as a whole will be satisfactory.** So far as the major sectors of productive investment are concerned, the Plan is not seriously behind the schedule **but, undoubtedly, an intensive effort on the part of the Centre and the States will be necessary if the Plan is to be implemented in full.** In the 1954-55 budget, development expenditure is proposed to be stepped up to Rs. 565 crores. This leaves a balance of Rs. 735 crores, to be incurred in the last year of the Plan. **That is a high target in the light of past experience and we must be prepared, as I said earlier, for some shortfall in expenditure as compared to the revised total of Rs. 2,244 crores.** If the Plan is implemented to the extent of 85 per cent or thereabouts, the results would be satisfactory. The problem is not one of spending but of spending well—to get the best return on the expenditure.

Question 2: If you consider that spending agencies in the public sector are inadequate for the purpose, would you be in favour of employing private agencies more heavily for this purpose and working these in with the proposed Industrial Development Corporation?

I take it that you have in mind large industrial projects in the public sector. There are only a few of these: progress in regard to them has been slow owing to the need for coming to arrangements, technical and financial and world shortage of plant and equipment. The Industrial Development Corporation has its own functions. It will certainly assist the private sector, but so far as I can see there is no question of public projects being handed over to the Industrial Development Corporation which, in turn, can employ private agencies to execute the works. **Also, private agencies, Indian and foreign, are at present used by Governments extensively in all multi-purpose and large and medium irrigation and power projects.**

THE PRIVATE SECTOR

Question 3: Do you consider that there are incentives enough in the private sector for it to attain the targets of investment of the Plan under present conditions?

The question of incentives for the private sector is a complicated one. The Five-Year Plan was worked

out on the assumption that it will be possible through effort to step up the rate of investment in the economy from five per cent of national income to something like seven per cent. On that assumption it was estimated that aggregate investment in the public and private sectors together should reach a level of Rs. 3,500 to Rs. 3,600 crores over the Plan period. The level of investment in the private sector depends upon resources as well as upon business outlook. Resources in turn depend upon the ability as well as the willingness to save by forgoing consumption and on this aspect the information available is inadequate. **The responsibility for finding resources for development in the private sector rests by definition on that sector, but it is recognised that Government can give assistance at crucial points.** It is precisely this that the proposals for the two development corporations have in view.

The relatively low level of investment activity in the private sector is due, to a considerable extent, to the change in market conditions. In India as well as abroad it is the buyers rather than the sellers who now have the upper hand. Inflationary pressures have disappeared and the trend of world prices is downwards. Costs, therefore, have to be brought down through increase in productivity, and this again is in many cases a question of the resources that can be devoted to renovation, replacement and modernisation. The economic outlook in the world outside is at present somewhat uncertain. The United States is passing through a recession which, according to expert opinion, now seems to be on the verge of taking a turn for the better. Businesses in the United States are said to be planning for large-scale investment expenditure and the United States Government is following a liberal credit policy. **If, as we expect, world conditions remain favourable, there is every hope that the policy outlined in the Budget will give an impetus to economic activity in India and revive business confidence. There are already signs that expectations have improved.**

Light is expected to be thrown on some aspects of the question of incentives for the private sector by the Taxation Enquiry Commission. One cannot speak of incentives in the abstract. The private as well as the public sectors have to expand and the problem is one of choosing the right demarcation of activities. **The main thing is for the community to increase its rate of saving.** This is a very big issue to which we shall have to pay attention not only for the remaining period of the Plan but also in the context of the plans to come. I referred to this aspect in the speech I made at the annual session of the Indian Merchants Chamber, Bombay.

THE DROP IN RAILWAY EARNINGS

Question 4: The Railway Budget proclaims a shortfall in resources of the Transport Plan. What remedial action is proposed?

The shortfall in the savings from railway earnings may turn out to be about Rs. 60 crores over the five-year period. According to the Plan, the railways were to contribute Rs. 170 crores towards their plan of Rs. 250 crores (in addition to finding Rs. 150 crores for current depreciation). It now appears that the railways would be able to contribute only Rs. 110 to Rs. 120 crores. Obviously no immediate remedial action by way of an increase in rates and freights can be taken. The problem of resources for the Plan has to be looked at as a whole and the extent of deficit financing that is possible will depend on prevailing economic conditions.

Question 5: The States seem unlikely to reach the targets prescribed and this may increase the amount of deficit financing to be undertaken by the Centre. What steps, if any, do the Planning Commission propose to take in order to remedy this situation?

The above (i.e., answer to question No. 4) is also the general line in regard to this question. The Finance Commission's award has benefited the States by over Rs. 80 crores during the Plan period. **It has been decided that the quantum of Central assistance will remain unchanged in spite of the transfer of resources from the Centre to the States.** Recently, the loan programmes of State Governments have done well. **In 1953-54 the States could borrow Rs. 39 crores from the market as compared to Rs. 11.5 crores in 1951-52 and Rs. 17.1 crores in 1952-53. There is reason to hope that in the next two years the States will be able to borrow Rs. 60 to Rs. 65 crores. If this happens, the State Governments will have raised by loans over the Plan period Rs. 50 crores more than the target defined in the Five-Year Plan.** Several States are also having resort to taxation measures. There are thus variable factors in the situation. It is true, nevertheless, that to the extent that the State Governments find themselves unable to raise resources on their own, the burden of deficit financing falls ultimately on the Centre. The bulk of the budgetary deficit at the Centre this year is on account of the Central assistance given to the States for their development schemes. While for a limited period it is inevitable that the Centre must carry the residuary responsibility for financing the entire Plan, it is obvious that, in connection with the next plan, there should be definite agreements with States in regard to resources. **The Planning Commission is studying the position of each State carefully with a view to initiating talks with them.**

THE SECOND FIVE-YEAR PLAN

Question 6: At what stage does planning of projects for the Second Five-Year Plan stand?

We are still in the preliminary stage of thinking on the Second Five-Year Plan. For the irrigation and power projects a special technical committee has been set up. We are addressing the State Governments shortly on the lines along which the Second Five-Year Plan is to be built up. The Planning Commission itself has initiated a number of preliminary studies.

Question 7: Can you indicate the order of the Second Five-Year Plan and the direction in which it will be biassed?

It is not possible to say at this stage what the order of magnitude of the Second Five-Year Plan will be, or to outline the priorities that will be accepted. In general, however, it can be said that the Second Five-Year Plan will place larger emphasis on industrial development, especially on development of basic industry. It is satisfactory to see that agricultural production in India has increased substantially and although one cannot be too optimistic about the future, indications are that we have now in hand a programme which will give us continually better results in the years to come. **Not only have irrigation facilities expanded; the nucleus of extension services is being built up and progress in this direction will, I expect, be more rapid during the Second Five-Year Plan.** Then there are roads, communications, railways, cottage and small-scale industries and a variety of other developmental fields including education and social services where a great deal of investment is necessary. Priorities are a matter of relative emphasis. Basically we need all-round development and I believe that although the Second Five-Year Plan will place a larger emphasis on industrial development, it will be necessary for us to ensure that the outlay in various directions is well balanced so that it gives maximum returns in terms of goods and services.

SPECIAL ARTICLE

THE SUGARCANE PRICE AND PROFIT SHARING

ONE of the features of the cane crushing season, which has recently finished in Northern India, has been the agitation by cane growers in the Uttar Pradesh for an increase in the minimum price of cane from Rs. 1-7 to Rs. 1-12 per maund, and a claim to share in the extra profits which, it is alleged, have resulted from the sale of sugar at prices in excess of Rs. 27 per maund. This agitation was supported by a Resolution of a Conference of the U.P. Co-operative Cane Union Federation presided over by the Cane Commissioner of the State and was later translated into action by agitation at certain sugar factories in U.P. by the Praja-Socialist Party and the U.P. Hind Kisan Panchayat.

When the agitation was in its infancy, the factory-owners, through the Indian Sugar Mills Association and their accredited representatives, made it clear that they would not agree to an increase in the price of sugarcane, but were prepared to consider a formula for the calculation of the price to be paid for sugarcane. Unfortunately, in the opinion of the writer, by constant reiteration the idea is current that the Industry would, in fact, be prepared to agree to a formula whereby a share in extra profits would be passed on to cane growers. It is in the belief that this opinion is generally held, and because of the writer's disagreement with and opposition to it, that this note is written.

The agitation was fully reported in the Press at the time and subsequently Ministers and others have referred to it and have consistently mentioned discussions which, it is anticipated, will take place between all parties concerned to arrive at a profit-sharing formula.

It has been reported that the Central Government and the Government of U.P. were considering a scheme whereby a legitimate share in the additional profits made by the factories during the season would be passed on to cane growers. If, by this, it is meant that a formula will be evolved which will result in a grower being paid on the quality of the cane he supplies to the factory; and if this has the effect of improving the overall quality of cane supplied to sugar factories; and if, as a result of such improvement the cane growers share in the resulting prosperity, then we have no criticsm to make; but if, as it is suspected, it is assumed by the public and by the official mind that any millowner, who sells sugar in excess of a price of Rs. 27 per maund, is making an additional profit and it is this profit that should be shared with the growers, then we can and do take great exception to such a proposition.

It is a fallacy to consider that the present cane price of Rs. 1-7 per maund is in fact the minimum price. In reality it is a fair price and is rather higher than it should be. This price is not imposed upon the growers by the factory owners but is arrived at by a system of bargaining in which the sugar factory owners have not only to contend with the arguments put forward by the representatives of the cane growers, but also with those from the representatives of the State Governments who invariably and understandably have a bias towards the cane growers' point of view. It has been estimated by Government agencies in U.P. and Bihar that the cost of cultivation is in the nature of between As. 14 and As. 15 per maund and, therefore, a price of Rs. 1-7 per maund should give the grower a profit of some 53 per cent on his outlay.

The high price for cane accounts for some 50 per cent of the total cost of production of sugar and is paid to both good and bad cultivators alike, with the result that nowhere in the world is the miller required to pay so high a price for cane so deficient in sugar content as in India; and the yield of cane per acre is equally unsatisfactory.

Despite many drawbacks, the system in force at present for fixing a statutory price to be paid for cane after discussions between the parties concerned has one great advantage, that of simplicity, and for reasons given above the price is invariably favourable to cultivators.

Let us consider some of the alternatives to the present system of price fixation.

Firstly, the claim that growers should share in the extra profits made by sugar factories, this being the difference in the price obtained for sugar in excess of Rs. 27 per maund. It should be remembered that the price of Rs. 27 per maund has not been accepted by the Industry, but even if it were, it was based on an estimated recovery of 9.97 per cent and a duration of 113 days, neither of which figures are likely to be achieved by any but a few factories during the crushing season just concluded. Let us assume that Rs. 27 per maund is in fact a fair price and that factories do sell their sugar at prices in excess of this. What is the basis of the claim of cane growers to a share in the proceeds of sale in excess of Rs. 27 per maund? It cannot be denied that the price paid for sugarcane is more than a fair one and is, in fact, too high and must be reduced if the sugar industry is to prosper and to compete with the foreign product. This being so, there can be no valid claim by the cane growers to a share in the profits made by the sugar factory owners. If such a claim is admitted, would it be unreasonable if the suppliers of coal, sulphur, limestone and the other raw materials, which go into the manufacture of sugar, likewise claimed a share in the profits?

Another system of price fixation is that as exemplified in the formula evolved by the South India Sugar Mills Association and popularly known as the SISMA formula, or as they would prefer it, the Sugar Price Sharing Formula. It attempts to link the interests of the growers and the miller by adjusting the price to be paid for sugarcane to the price obtained from the sale of sugar. The formula envisages a low minimum price of cane to be paid at the time of purchase and a further payment dependent on the realisation from the sale of sugar. If the realisation from the sale of sugar is Rs. 440 per ton, 55 per cent of the net amount realised divided by the recovery will be the share of the cultivators and the balance will be retained by the factory. The share of the cane grower will improve within each slab at the rate of .03 per cent for each rupee increase in the net selling price of sugar. The higher the price obtained from the sale of sugar, the greater will be the price to be paid for sugarcane. At present the growers are being paid a high minimum cane price and therefore they cannot help but gain under the formula. In fact, the formula envisages a low minimum price and if and when this is enforced, it is likely to lead to dissatisfaction among the cane growers. While the administrative difficulties in operating such a formula are obvious, it must be emphasised that criticism from the cane growers must be expected if sugar prices fall. A more important criticism of this type of formula is that it evades the main points in that it will not lead to any much-needed improvement in the quality of cane, as the quality of the raw material purchased has no bearing on the price obtained for sugar. It is possible that the factory owner would tend to lose interest in recovery as any benefit for operating efficiency would be passed on to the cultivators. The formula endeavours to make higher sugar prices respectable by passing on a share to the cultivators.

In the opinion of the writer, the payment for cane should be on the basis of quality, by which is meant the sugar content of the cane supplied to the factory.

There are two methods by which this can be achieved. Firstly, by preferential payment for varieties of sugarcane which are known to contain a high sugar content. A number of varieties would be cultivated which would reach maximum maturity at different times during the season and these would be sent to the factory at the time of their maximum maturity. In addition to the minimum price, premia would be paid to the cultivators for retaining their cane until the period of maximum maturity or, as in the case of early ripening canes, for cultivating cane of low tonnage. It would be necessary to create statutory powers to regulate the cultivation of particular varieties, and for the control of harvesting.

The second method is to pay a price for cane based on the sugar content. The method of cane payment on the yield is that adopted in all sugar-producing countries other than India, and the only complication in operating such a system which is peculiar to India is that in the northern sugarcane tracts, there is a far greater number of small peasant farmers than is found elsewhere. But otherwise the mutual distrust and suspicion which might exist between the growers and the millers is to be found elsewhere. In Britain a representative of the sugar-beet farmers checks the analysis of the factory chemist and it would be idle to deny that the relationship between these two persons is not always as cordial as it might be. The system works and the farmer is paid on the quality of the material he supplies to the mill.

It is considered that the administrative difficulties in analysing the cane supplied by a great number of cultivators could be overcome by analysing the cane supplied by co-operative societies and groups of villages. There can be no question that payment for quality must be introduced sooner or later and the sooner the difficulties of such a system are faced, the sooner will solutions to them be found.

Everybody who talks or writes of sharing extra profits with the cultivators must be perfectly clear of the implications. There will have to be a low retention price payable on the supply of sugarcane. This retention price will have to be very much lower than the present minimum price. Any balance payable, and it must be understood that there will be times when no balace will be payable, can only be calculated after the sugar has been sold and this will mean that the balance payment will only be made many months after the cane has been supplied, and the cultivator must be prepared to wait. The cultivators would be obliged to grow agreed areas of different qualities of cane and supply these to the factory. They should be prevented from diverting any part of their cane from these agreed areas to gur. Statutory powers must be available to be used against the defaulting growers and, lastly, the growers must understand that they will have to share losses. The sooner the full implications of such a scheme of payment are understood by all concerned, the clearer will be the thinking on the matter, and the factory owners should be quite definite in their stand that they would not be a party to such a scheme. Provided the cane growers receive a fair price for their cane in relation to the price of other agricultural commodities, there can be no valid claim by them to share any profits made on the sale of sugar.

The attention of everybody concerned must be concentrated on evolving a formula for calculating the price to be paid for sugarcane dependent on quality, and until such a formula is evolved, the present system of negotiating an ad hoc cane price by bargaining before the commencement of the season should be retained.

A New Book

For the Library and the Connoisseur of Art

SKETCHES OF GANDHI

By

FELIKS TOPOLSKI

A unique collection of 24 sketches and two four-coloured paintings of Mahatma Gandhi by the famous Polish artist. Embellished with rare quotations from Gandhiji.

Price Sixteen Rupees **Postage extra**

THE BUSINESS WORLD

THE NEW LOAN

The announcement of the National Plan Loan 1964, on Monday—when the busy season has reached the peak but has still not come to an end—has not taken the market by surprise. The Reserve Bank in fact has been preparing for this loan for some time. The two maturing loans of the Government of India being due for redemption only in November and December, 1954, there was no particular virtue in waiting at the present time, for obviously, the Central Government could not wait till these maturity dates. Moreover, market conditions and sentiment have been ideal from the point of view of the Central Government. Stock-market sentiment in recent weeks has been buoyant, so that the Reserve Bank's attempts in succession,

(i) to stop the sales of short-dated securities, and

(ii) to raise the price of long-dateds, like the 3 per cent, 1970-75 which it was still selling and

(iii) to stop the sales of even these long-dateds at one stage,

have been correctly interpreted by the market as a sign that gilt-edged prices have been set for a rise. The gilt-edged market, in short, has participated in the general boom in the stock-markets—even if it has done so on a lead from the Reserve Bank. The time has undoubtedly been propitious for the loan announcement.

The terms of the announcement—a tap issue—have obviously been settled after taking into consideration the fact that the market's potential savings cannot be estimated, especially because conversion of a maturing issue into the new loan is not now possible. There are a number of factors to be taken into account in arriving at this estimate; and it has not been easy to weigh all of them or to arrive at definite conclusions.

There is market sentiment, for example. As on the occasion of last year's loan issue, stagging seems likely, if as is apparently the case, the market has persuaded itself that deficit-financing on the one hand and an easier money policy on the other will together result in pushing up gilt-edged prices—the only question being whether this increase will be more or less. Stagging as such is frowned upon. But it lends support to a loan issue.

There is also an increasing feeling that the market for Government loans has, perhaps, been underestimated so far in this country. The state loans last year were an eye-opener, so to speak. That technique has, therefore, been borrowed now; and there is an appeal on wider instead of narrowly financial grounds. Istitutional investors are not the only potential subscribers to whom this appeal has been made—although banks can borrow, if necessary, in order to take up the new loan, while their advances are still outstanding at peak levels. The Prime Minister's appeal is to every one.

There are limitations. No doubt, it is not possible for the Central Government to back this appeal by detailed propaganda and the fixation of targets at district or other level, as in the case of Madras last year. But on the other hand, if the market is set for a rise, however slow in the expectation that money rates all over the world must become on balance easier, there may be many who are prepared to take the risk, if any, which is involved, in the knowledge that ultimately their purchases may be unloaded on to the Reserve Bank in case of need.

The issue of deficit-financing is also relevant to this question. The effect of borrowing on the one hand beyond the preparedness of the public to hold the loans which they take up, and on the other borrowing from the Reserve Bank as an alternative, are both the same—that is to say, inflationary. In these circumstances, faced with the choice that the Government of India has to adopt one of two courses, both of which may be inflationary, one may understandably exhibit a preference for borrowing from the public, whether or not such borrowing is taken up from genuine savings—because, there is a chance that there may be genuine savings after all, unknown to us so far.

Nothing is lost by making an experiment. An attempt is being made at present to locate these savings. Naturally, in these circumstances, it has been impossible to fix and to announce beforehand an amount which can be regarded as appropriate.

The National Plan Loan, 1964, is a welcome indication that the Finance Ministry is thinking on new lines in order to mobilise resources for the Plan. The experiment is by no means novel—it has been tried in Pakistan, for example. There is every reason to expect that it will be a success.

RATIONALIZATION IN THE TEXTILE INDUSTRY

By

CROESUS

As I write these lines, the tripartite discussions to be initiated by the Planning Commission on the question of rationalisation of the textile industry will probably have commenced. By this time, the Planning Commission also has probably had the views of the textile industry on this crucial question. Even before the annual general meeting of the Bombay Millowners' Association on Monday, at which the Chairman dwelt extensively on this subject, the Association had, it may be presumed, forwarded its views to the Planning Commission on the subject, while the views of the Ahmedabad textile industry were voiced by Mr. N. S. Shodhan at the Ahmedabad Millowners' Association general meeting held a few days ago. Nevertheless, a reference to the remarks on the subject of Mr. Neville N. Wadia, the retiring Chairman of the Millowners' Association, Bombay, at its annual general meeting, deserves to be highlighted, if only because they provide more or less precise answers to the questions posed in this context by the President of the Indian National Trade Union Congress, Mr. S. R. Vasavada, at a meeting in New Delhi.

It is noteworthy that Mr. Vasavada has categorically stated that labour is not opposed to rationalisation and, as such, there could be no objection to his demand for a critical examination of the implications of rationalisation, as also his plea for a national plan being evolved for introducing rationalisation over a period of time. He is reported to have particularly stated that labour would like to know the period over which rationalisation is contemplated, and the effect it will have on employment, on prices and quality of cloth, and on exports. After having called for an objective examination of the whole position thus, one would have thought that the I.N.T.U.C. Chief would have withheld his personal views on the question by dwelling, in particular, on the danger of displacement of a large number of workers and importing extra sentimental considerations by describing rationalisation as an essentially human problem and so on and so forth. It is no doubt true that it is a human problem and, as Mr. T. T. Krishnamachari, the Union Minister for Commerce and Industry, observed whilst inaugurating the Centenary Celebrations of the Textile Industry in Bombay, the other day, it is a vital consideration that cannot be overlooked, and also one which requires very tactful handling. But not all these can justify the further contention of Mr. Vasavada that an increase in the pool of employment must precede displacement of labour through rationalisation. This is obviously an impossible demand, because it not only overstates the displacement aspect of rationalisation but also understates or minimises the avenue for employment that even rationalisation and modernisation would afford, albeit indirectly. Moreover, if Mr. Vasavada's suggestion is to be implemented, several new industries would have to be immediately established in or near the textile centres, which may, or may not, be possible in the prevailing circumstances for a variety of reasons.

Be that as it may, let me now proceed to refer to the answers of Mr. Wadia to the specific points raised by Mr. Vasavada. In the first place, it is necessary to have an idea of the extent of employment which the textile industry provides. On this point, the ex-President of the Millowners' Association stated:

"In 1940, 491,000 were employed and, ever since then, there has been a progressive increase. The latest available figures show that there are now 742,000 employed in the industry, an increase of about 50 per cent in fourteen years. Therefore, far from being responsible for unemployment, the textile industry has provided work for an additional 2½ lakh workers."

After explaining the employment position in the whole industry thus, Mr. Wadia referred to the views of a prominent Textile Union leader on the question of displacement of labour as a result of rationalisation. According to this leader, the replacement of 200,000 looms by automatics would, (i) require more than Rs. 100 crores, (ii) render unemployed at least 180,000 out of the 200,000 workers, and (iii) reduce the cost of cloth by nine pies per yard. The millowners' spokesman accepted the first part of the statement to be approximately correct, but did not think that the resulting unemployment would be anything like what the labour leader assumed. It is known that, in the Island of Bombay alone, as much as Rs. 80 crores are required for rehabilitation, while, according to Mr. Shodhan, the Ahmedabad mills require another Rs. 69 crores for replacement. But, between the two centres, the reserves and other funds available for rehabilitation are not even Rs. 50 crores which, incidentally, points to the difficulties in the way of effecting speedy rationalisation. But I shall revert to this aspect a little later.

As regards the Textile Union leader's calculations of 20 automatic looms per weaver on the basis of double shift work, Mr. Wadia said that this ignored all the ancillary labour required. For a section of 48 looms, he pointed out, 9 men were required and, on this basis, he went on to point out that, even if all the looms were converted to automatics overnight, 75,000 men would still be retained as against only 20,000 men referred to by the Union leader. At the same time, Mr. Wadia questioned the accuracy of 200,000 as the number of workers affected, because, he said, a number of automatic looms installed in several mills have been working four looms to a weaver.

In regard to the effect on cloth prices, Mr. Wadia pointed out that there would be a reduction of about 9 pies per yard. In this connection, the ex-Chairman of the B.M.A. made a further point about the prospects of employing an additional 54,000 workers if the benefit of this reduction in cloth prices were passed on to the consumers, thereby enabling them to buy an additional 360 million yards. Adding up these 54,000 workers, it is seen that out of the two lakh workers assumed by the Union leader, the net displacement would not be more than 71,000! In other words, the extent of unemployment resulting from rationalisation is being unduly exaggerated by labour interests.

On two other points on which Mr. Vasavada wanted to know the effects of rationalisation, namely, on the quality of cloth and on exports, Mr. Wadia's remarks referred only to the latter aspect. Evidently he did not think it necessary to dilate on the effect on quality of rationalising the textile industry, because it is quite obvious that any new and modern machinery makes for products of better quality. As regards exports, it is estimated that India must export at least 1,000 million yards or about 20 per cent of the total textile production in the country. As a matter of fact, exports in the first three months of 1954 have shown that India has been living up to this target. If the equipment of the Indian textile industry is not modernised and rendered up-to-date, it goes without saying that, sooner or later, its products will become so uncompetitive that they may be priced out of the export markets, what with the keen and intensive competition of both Japan and the U.K. The loss of export markets has more far-reaching effects than labour interests would seem to appreciate. As Mr. Wadia pointed out, there would be no work for 148,000 textile workers if, unfortunately, this country were to lose its export markets, and this loss is in addition to the loss involved in lower consumption of cotton, which means less demand from our farmers and lower prices, and lower consumption of mill stores, which means less work for all the ancillary industries depending upon the textile industry.

It is thus seen that refusal to face facts and to modernise the textile industry will, in fact, not help labour, but, on the contrary, affect its interests adversely by rendering idle nearly 75 per cent of what labour leaders now fear would be the unemployment resulting from rationalisation.

Anyway, without wanting to anticipate the outcome of the discussions with the Planning Commission on the question of rationalisation and its implications, I would like to stress the fact that, even if a free hand is given to the textile industry to rationalise, it will not be possible for it either to rationalise overnight or to effect rationalisation in a spectacular way. It is true that Mr. Krishnamachari has recognised the impracticability of speedy rationalisation, but his solution to the question, namely, that mills should consider running four 6-hour shifts every week in order to make up for the loss of employment by increased productivity, is not as easy of achievement, judging from the progress that the country has made in the matter of introduction of automatic looms over the past few years, that is until a ban thereon was imposed towards the end of August 1952. According to one estimate, there are in the country today less than 10,000 automatic looms, out of which only two mills have more than 1,000 looms each, and two others more than 500 looms each. Most of the remaining mills, out of less than even 40 mills in a total of 300 and odd mills in the country, have 100 looms or less, while the number of mills having automatic looms on an average of 100-150 does not add up to even 35, it is stated. The average installation of automatic looms during these years thus works out roughly to about 700 looms per year. Although it may surprise many, this is all the progress in the midst of favourable years for automatisation, that is up to the end of 1952.

While on this point, I might refer to an article in the 'Human Relations Journal' by Mr. C. A. Rice dealing with the innumerable problems arising from the introduction of 232 automatic looms in an Ahmedabad mill. I would strongly commend our labour leaders, as also our millowners, to go through this article in order to appreciate the practical difficulties of rationalisation.

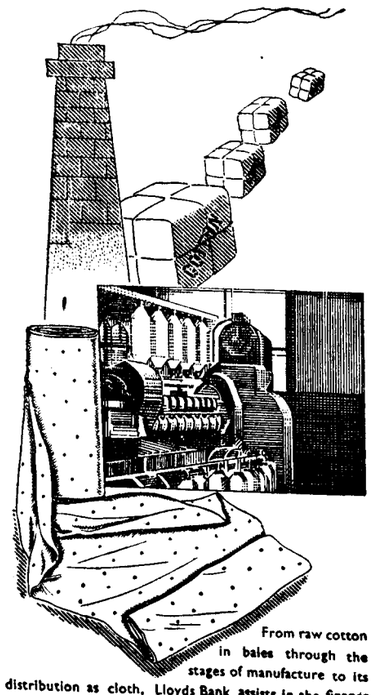
Many people seem to think that, if automatic machinery is installed, both the quality and quantum of production will be automatically improved, even as some labour leaders estimate that automatisation means instantaneous displacement of hundreds of workers. The introduction of automatic looms and other items of machinery to rationalise and modernise the industry will, apart from the high cost, mean a number of incidental changes in practically the entire structure of the mills in order to derive the maximum benefit. Then, again, there are certain lines of production, such as bordered goods generally, which, it is believed do not easily lend themselves to automatisation. In short, the problem bristles with so many difficulties that, even if the industry were to decide on rationalisation today, it will not be able to implement it so soon as to cause all the dislocation that labour leaders seem to apprehend. The decision involves the preparation of a well-considered and integrated plan not only by individual mills but, perhaps, by the industry as a whole. Even after this is done, the implementation will not be easy unless adequate finance becomes available. It is precisely here that the responsibility of the Government comes in. Even left-wing opinion in the U.K., as exemplified by the views of Mr. Aneurin Bevan, expressed by him during his last visit to India, recognises that it is the duty of the State to look after the employees displaced as a result of modernisation. But, in this country, the Government not only wants the industry to be responsible for this but is also reluctant to provide the wherewithal to, or enable industry itself to earn and save the money required to effect rehabilitation and modernisation on the scale needed.

If the retiring B.M.A Chairman concentrated on rationalisation, the Deputy Chairman, Sir Vithal N. Chandavarkar, who has been elected as the Chairman for the tenth time during the course of the last twenty years, dwelt on a subject nearest to his heart, namely, the establishment of a Research Association in Bombay. In this one respect, Bombay seemed to be behind Ahmedabad which has its "Atira" to boast of. But, as Sir Vithal pointed out, the progress in the matter of establishing a Research Association in Bombay has been slow owing to various unanticipated difficulties. It was, therefore, appropriate that he should have expressed the gatitude of the Association to Mr. T. T. Krishnamachari for having enabled the Association to surmount all the difficulties and to go ahead with the scheme. The new B.M.A. Chairman announced that the Research Association would be registered on 19th April and briefly dealt with its financial basis and immediate objectives. It is not necessary for me to stress the importance of research work, especially in an extremely competitive line like the textiles.

A very important point that Sir Vithal made in the course of his speech relates to the anomaly of the prevailing concurrent powers of legislation by the Union and the State Governments in labour matters. In the absence of uniformity of legislation, the State Governments are inclined, as he rightly pointed out, to run amuck. Already things have become very involved and practically unworkable. In order to illustrate this point, the new Chairman instanced the case of the recent Industrial Disputes (Amendment) Act relating to lay-off and retrenchment compensation passed by the Union Government, and pointed out how, as a result, questions such as quantum of compensation to be given for lay-off and/or retrenchment have been brought within the purview of the Central legislation, while questions such as circumstances in which a factory is proposed to be closed down, or has already been closed down, still remain within the jurisdiction of the State law. This is, indeed, an extremely unsatisfactory position, for, as Sir Vithal observed: "Though compensation is paid, there is no finality in the whole thing".

In calling the recent modifications of the Bombay Industrial Offences Act, which requires an employer, who desires to experiment in rationalised methods of work to follow the procedure under the Act, to give notice of change, etc., as "a retrograde step" also, the new B.M.A. Chairman has only stated the bare facts. For, at a time when even the slightest progress in the direction of rationalisation is extremely difficult owing to the unhelpful attitude of workers, this amendment makes things doubly difficult.

Sir Vithal next referred to a number of practical difficulties created by the Industries Development and Regulation Act and pointed out how, if all the precedure indicated under the Act were to be followed, business would almost come to a standstill. The privision that any substantial expansion cannot be effected without securing a licence, for example, has created avoidable difficulties. Thus, in a recent case, it would appear to have been decided that the installation of a printing plant in a mill is a substantial expansion. It is inconceivable how this could be a substantial expansion when it does not increase the productive capacity even by a yard of cloth, and to insist on a licence for this purpose would only hinder and not help the normal progress of our industries. It is to be hoped, therefore, that the further reasonable representations of the industry in this behalf would be carefully looked into and the law amended suitably and soon enough.



From raw cotton in bales through the stages of manufacture to its distribution as cloth, Lloyds Bank assists in the finance of this vital industry and provides a banking service which has world wide connections through its Agents and Correspondents.

Let LLOYDS BANK look after *your* interests

Lloyds Bank Limited 1677 Incorporated in England.

L.B.10/57

BUSINESS NOTES

TAX RELIEF FOR TOBACCO

The relief in excise duty announced last week-end in the case of tobacco may be summarised briefly:

(1) The excise duty on all non-flue-cured varieties of tobacco and on flue-cured varieties of tobacco not utilized for the purpose of manufacture of cigarettes is reduced by 25 per cent. This reduction is to take effect immediately.

(2) The excise duty on certain specified low grades of flue-cured tobacco is reduced by As. 7 per lb. to As. 9 provided these grades are utilized in the manufacture of cheaper varieties of cigarettes. The relief will be available as soon as the Directorate of Marketing and Inspection finalises the arrangements for grading the tobacco to Agmark grades.

(3) Both the above reductions in duty are available in the case of tobacco of the 1953 crop or of earlier years.

It is plain from the nature of the tax reduction that it offers partial relief and is strictly limited to stocks of pre-1954 crops. This is because the concessions are being extended in response to an agitation for prompt action to assist clearance of stocks, especially in Andhra State which is the main producer. The grievance was being voiced since the December meeting of the Indian Central Tobacco Committee and probably the budget announcements had dashed hopes of tax reduction.

These concessions have a purely restricted purpose to facilitate clearing the glut in the market. Even so, the deterioration in quality last year due to adverse effects of bad weather is a major handicap. The Press note announcing the concessions rightly expresses doubts how far they will ease the difficulties of the tobacco growers and trade, since prices are reported to have slumped very heavily. Apart from the deadweight of accumulations, there are long-term problems of the tobacco industry which need sustained remedial action. During the last six years, over-production and a high level of overseas demand have tended to obscure standards of quality. These must be looked after scrupulously henceforth. Research carried on at Rajahmundry does not appear to have been taken to the field. The yield per acre is still very low and is estimated to be 50 per cent below the yield in Europe. The greatest need, however, from the stage of cultivation to internal marketing or export is of provision of cheap credit. The proposal of a special finance corporation for tobacco with a capital of Rs. 2 crores is unlikely to be entertained, but this is no reason why other ways for accommodation should not be provided.

A BANKER'S VIEWS ON COSTS

Shri G. D. Birla's speech at the annual general meeting of the United Commercial Bank provides a convincing explanation of the rise in the operating ratio of which there has been abundant evidence in recent years. The explanations, as he pointed out, have been two-fold. Firstly, the average establishment expenses in India being 2.35 per cent of deposits, as against 1.37 in the United States, it costs more to maintain an office in India—and in four years the cost per branch has increased by Rs. 13,000. In the second place, because real and broad-based expansion on these lines has been made very difficult, there has been a bid for deposits, which has resulted in uneconomic rates of interest being paid. It is hardly surprising in these circumstances that the margin of profit which has been available to the banks has been considerably curtailed.

Mr. Birla's suggestions in order to hold down these operating costs are pertinent and valuable and will need to be considered if unhealthy rivalry is to be avoided and if Indian banking is to expand in real terms.

STEEL RE-ROLLING

The exchange of views on policy and procedural matters relating to the extension of facilities to the steel re-rolling industry, between the Railway Minister and the Steel Re-rolling Mills' Association, at last week's annual session of the Association, makes it obvious that all reasonable aid would be given to the industry by the railways, the largest suppliers of steel scrap, who are also the principal consumers of its products. The Association's member units numbering 175 have a productive capacity of 700,000 tons of finished steel to which must be added the contribution of unregistered manufacturers scattered in an appreciable number.

The output of the mills comprising the Association's membership was stepped up in 1952-53 by 12 per cent above 1951-52. This relative progress, however, should not be allowed to conceal the gap that still remains to be covered in the near future. Heavy and complex castings are still to be attempted by them and even in ordinary steel castings domestic producers have a large margin of demand to satisfy. The raw material supply should show improvement with the provision of steel billets to main producers and proper distribution through the Association to unregistered re-rollers. The export policy has now been revised and indiscriminate export of scrap, without proper regard to the requirements of Indian re-rollers, will not in future be allowed to their detriment. The Railway Minister has promised to take due measures to remove the expensive delays in transport of scrap after its purchase by the mills and he has also given an assurance to consider how far accommodation in the shape of sale on the basis of instalment payment could be extended in the case of more railways. The Association does not seem to have any serious handicap at the present moment and the appeal of the Chairman, Mr. B. P. Khaitan, for priority to the Association for sale of all the railway stock of scrap should be met in substance. The quantities of railway steel scrap will now be available on a larger scale as the programme of rehabilitation for railway rolling stock is being expedited. Mr. Khaitan's warning to the industry to promote the future development of the industry and to refrain from unhealthy practices for short-term gains indicates scope to rectify a flaw whose dimensions are still small.

FOREIGN TECHNICIANS

The engagement of technical experts in State enterprises and for purposes of projects taken up for implementation is not an issue which admits of any great divergence of opinion. But in view of occasional doubts thrown on the advisability of enlisting their services at frequent intervals, Mr. K. C. Reddy's reply on this specific point in the course of the debate on demands for grants for the Production Ministry was timely. It clarifies the position and puts it in the correct perspective.

The occasion for the Minister's defence of engagement of foreign technical experts provided an apt opportunity to explain the pressing necessity of adopting this course. Establishment of a heavy electrical equipment factory is a novel experiment in the engineering line in this country and in this case employment of foreign firms to prepare the project reports and instal the plants was the only course open to this country. But even in the case of the new steel plant, Mr. Reddy pointed out that exclusion of expert technicians from abroad was not feasible on the assumption that this country is already operating two large-scale steel and iron undertakings. The truth of the matter,

as is common knowledge, is that both these units have found it expedient in the larger interest of efficient, economical and progressive management to engage the services of foreign experts at the higher level. There is everything to be said in justification of this policy. There should, therefore, be no hesitation in endorsing a course of action which the Government is taking. In all these agreements of technical collaboration there invariably is a condition of training Indian nationals in technical jobs at all levels and associating them with all the processes at various stages. Acquiring the technical know-how from foreign technicians is an inevitable and valuable transitional stage and this is the really practical way in which technical know-how can be absorbed and imparted to an increasing number of Indians. One test of the speed of its success will be the ability of Indian engineers to design and plan the erection of the next steel unit which is promised in the not distant future.

THE RAYON INDUSTRY

After the set-back of recession in 1951-52 which was common to every producing country except Japan, the rayon industry all over the world staged recovery and gained stability in 1953. The industry in India also shared in this recovery. The last year presented a comfortable and progressive prospect for the manufacturing units in this country. The measure of stability can be gathered from the fact that important units like the National Rayon Corporation are adding additional plants in the programme of expansion.

The extent to which the indigenous industry can be enabled to function on a progressive basis depends, in a substantial part, on government policies of which the policy of permitting import of yarn is an important aspect. The industry has been prompt in conceding recognition of the realistic basis of the yarn import policy in the last year, which restricted the quantum of imports to the deficit in home production. This policy of allowing imports up to the extent of the difference between total demand and home output has been adhered to wisely in the current six-monthly licensing period. There is no reason to believe that a departure will be made from it. Bulk import by organized action on the part of manufacturers by pooling their licences has proved economical and convenient. Like last year, a bulk import deal has been entered into with Italian yarn exporters, the quantity imported last year being about 25 million lbs. equivalent to 125,000 cases of 200 lbs. each. Total demand has been placed at 40 million lbs.

Promotion of rayon manufacture has assumed importance from two angles. Rayon fabrics found increasing patronage as a welcome alternative to superior varieties of cotton textiles in the period of shortage and this patronage has now come to stay. From the wider view-point of world textile trends, rayon production is making rapid strides in the race to capture the textile markets and it is now a foregone conclusion that the penetration of rayon and other synthetic fabrics cannot be halted. India as a textile producer must keep pace with this recent development. The industry, therefore, has seriously questioned the propriety of imposing new taxes on rayon. The reduced excise duty on art silk which in substance means that most producers will pay the duty at the rate of one anna per square yard and a few at one and a half anna per ordinary yard, is estimated to have offered about 40 per cent relief relatively to the original budget proposal. Nevertheless, the new burden is there. In addition, a cess of three pies per yard for handloom products has been added. This is inconsistent with a policy of encouragement to an infant industry.

EMPLOYEES' STATE INSURANCE

Last week's important discussions at Bombay on the introduction of the Employees' State Insurance Scheme in that city once again stressed the central point, which relates not to the desirability of industrial workers' insurance but to the finance for and technique of its implementation. The principle of sickness insurance has been endorsed and acted upon by industrial employers on varying scales in this country. There is likewise no mentionable disapproval of the extension of this principle through the scheme of employees' state insurance. But the financial aspect of the scheme has raised practical issues which are bound to demand a straight solution. Mr. Chandavarkar has rightly posed the question how it is advisable to impose the double burden on the industry by asking it to give a high rate of contribution to the execution of the scheme and simultaneously continue its medical arrangement for the staff. But the party which has a more powerful grievance than employers in respect of the share of financial responsibility is the State Governments. They have already voiced their feeling of concern over the part they have to contribute to the outlay on the scheme.

In Bombay the introduction of the scheme is being delayed chiefly owing to the failure to reach an agreement on the terms on which the services of doctors should be enlisted. This difficulty still continues to be formidable. Considering the traditions of the medical profession not to grudge its part in social service or to take a too narrow view in these issues, it is plain that the point of view put forward by the doctors must be met by direct negotiations. It was quite wrong to ask the profession, as Mr. Giri did the other day, for promise of unconditional co-operation for participation on terms which would be worked out later. The capitation fee to be paid to those serving on the medical panels ought to be settled by negotiation. While the scheme for workers' sickness insurance through the compulsory plan is meeting with practical and genuine difficulties of different participants, it was premature to speak of its extension to their families also. The first problem is to make the present scheme a practical proposition.

SALT RESEARCH INSTITUTE

The Central Salt Research Institute, which was opened at Bhavnagar by the Prime Minister on 10th April last, is coming into being at an early stage due to the urgency created by partition to augment the domestic output of salt after the loss of resources of marine salt in Sind and particularly of the salt mines in Punjab. The post-partition sense of urgency in undertaking research as a fundamental aid to the development of the salt industry is demonstrated by the fact that while this subject was being discussed since 1940 and preliminaries of research were being organized under the auspices of the Council of Scientific and Industrial Research, a research station and model farm were set up at Wadala (Bombay) immediately in November 1949. The Wadala research station, however, constitutes a research forum on a small scale and its scope is confined to marine salt. It will be one in the chain of such stations and in a short period of time more stations will be established in Madras, Travancore and Orissa along with model farms of appropriate sizes. The salt laboratory at Sambhar will have its own significance as an inland research institution. The Bhavnagar Institute is to function as the apex body for the whole group of research organisations.

Hitherto, attention in salt development has tended to be focused on the requirements of human consumption. Preoccupation with self-sufficiency is now a thing of the past. For India has started exporting salt to the neighbouring countries in a modest quantity. The loss of the market in Japan on the score of quality underlines the necessity of research to improve production techniques and ensure adherence to standard specifications. The internal demand for salt is bound to absorb much greater increases in output not only with an increase in the per capita consumption of salt but also as the demand for agricultural and industrial uses will be stepped up as it is bound to. One immediate function of the Central Salt Research Institute will undoubtedly be to evolve reliable tests for the determination of the quality of salt and salt products, and this function should be given priority. Methods of production to secure quantitative improvement will also be an important object of research. Both these are necessary to provide cheap salt for the developing chemical industries. Recovery of by-products for industrial uses will also constitute one of the objectives of research.

SUGAR SUPPLY FROM GOVERNMENT RESERVES

The Government of India has decided to supply sugar throughout the country out of its reserve of 25 per cent of the current year's production and from quantities imported from abroad at a uniform rate of Rs. 31 per maund F.O.R. destination station (i.e. inclusive of railway freight), says a Food and Agriculture Ministry Press note. This price will be reduced to Rs. 30 per maund in the case of tenders made for supply after May 15, 1954. It is proposed to continue this arrangement at least up to the end of September 1954. During this period no further sugar will be released from factories for free sale. The Government may, however, buy sugar from factories at the prevailing rates, if the factories so desire.

Prospective buyers will have to submit tenders with earnest money at the rate of Rs. 5 per maund, and the balance price shall be payable against railway receipts. Allotments may also be made to local trade associations for distribution at fixed prices. Tenders shall be for a minimum quantity of 200 bags on the broad gauge and 100 bags on the metre gauge. The Government shall have the option to accept the tenders in whole or in part, and also to supply indigenous sugar or imported sugar.

Buyers in the States of Bombay, Madhya Pradesh and Hyderabad shall apply to the Regional Director, Food, Bombay, those in Saurashtra to the Regional Director, Food, Bhavnagar, those in Travancore and Cochin and Coorg to the Regional Director, Food, Cochin, those in Madras, Andhra and Mysore States to the Regional Director, Food, Madras, and buyers in other States to the Joint Secretary, Ministry of Food and Agriculture, New Delhi. Tender forms can be obtained from the above-named officers. Factories are being advised to expedite despatches of sugar already released to them for free sale. Stockists are also advised to clear their stocks by May 31, 1954. After that the Government may as and where necessary requisition sugar from stockists also for distribution at fixed prices.

CUSTOMS AND EXCISE REVENUE

The returns received in the Department of Commercial Intelligence and Statistics show that the total gross sea and land customs revenue collected in India during the month of January, 1954, amounted to Rs. 1,321 lakhs as compared with Rs. 1,238 lakhs in the corresponding month of the previous year.

The comparison below is to be taken to refer to that of the current figures with those of the corresponding period of the preceding year. Of the total customs revenue collections, import duties accounted for Rs. 1,022 lakhs as against Rs. 894 lakhs, export duties for Rs. 272 lakhs as against Rs. 320 lakhs and land customs and miscellaneous for Rs. 27 lakhs as against Rs. 24 lakhs. The total gross collection of Union excise duties amounted to Rs. 864 lakhs as compared with Rs. 780 lakhs.

During the ten months, April 1953 to January 1954, the grand total of gross customs and Union excise revenue realized was Rs. 21,070 lakhs as compared with Rs. 21,929 lakhs during the corresponding period of the preceding year. Of this amount, import duties accounted for Rs. 9,757 lakhs as against Rs. 9,959 lakhs, export duties for Rs. 3,322 lakhs as against Rs. 4,716 lakhs, land customs and miscellaneous for Rs. 220 lakhs as against Rs. 330 lakhs and Union excise duties for Rs. 7,771 lakhs as against Rs.6,924 lakhs.

LICENSING OF ART SILK YARN IMPORTS

Under the present licensing arrangements for the period January-June 1954, licence-holders are not permitted to utilise more than 25 per cent and 5 per cent of the face value of their licences for the import respectively of 120 deniers and 150 deniers art silk yarn in bright finish.

A notification issued by the Joint Chief Controller of Imports and Exports, Calcutta, states that it has now been decided in consultation with the Textile Commissioner that these restrictions shall not apply to Acetate, Bomberg and other non-viscose yarn of 120 and 150 deniers. The notification adds that holders of valid licences of art silk yarn who want to avail themselves of this concession may produce to the licensing authorities concerned the licences granted to them for purpose of endorsement.

PLANT FOR PAPER CONES AND TUBES

It is understood that the well-known manufacturers of paper tubes and cones, the Textile Paper Tube Co., Ltd., of Romiley, England, have in conjunction with Messrs. A & F. Harvey Ltd., Madurai, made arrangements for the manufacture of their paper cones, tubes and other specialities in India. The Indian Textile Paper Tube Co., Ltd., as the new company will be called, will have its factory at Punalur (Travancore-Cochin) and will commence production within the next 12 months.

SURVEY OF INDIA'S FOREIGN LIABILITIES AND ASSETS

The Reserve Bank's last survey in this sphere was completed in 1950. The results of the survey published in January 1951 gave a detailed account of India's foreign assets and indebtedness as on 30th June, 1948. The more significant portion of this compilation will shortly be brought up-to-date by means of a fresh survey recently undertaken by the Bank.

The survey relates to the date 31st December, 1953. It is mainly confined to long-term foreign liabilities and assets which include the net liability (or assets) abroad of branches of foreign institutions working in India, securities of foreign and Indian Governments and shares of foreign and Indian joint stock companies and other obligations maturing after 1st January, 1955. All branches of foreign firms and companies, all scheduled banks, all insurance companies and all Indian joint stock companies having any of these long-term foreign liabilities ad/or assets are required to file returns on special schedules designed for the purpose. Individuals and Indian partnerships are not covered under the new survey.

COMPANY AFFAIRS

DEVKARAN NANJEE BANKING CO., LTD.

The audited accounts of the Devkaran Nanjee Banking Co., Ltd., for the year ended 31st December, 1953, show all round progress. Total deposits have marched up from Rs. 8,04.40 lakhs to Rs. 10,37.43 lakhs and advances from Rs. 2,77.37 lakhs to Rs. 3,64.30 lakhs. The working funds show a steep rise of Rs. 310 lakhs from Rs. 9,86.00 lakhs to Rs. 12,96.33 lakhs.

The profit and loss account shows a rise of more than Rs. 5 lakhs in interest earnings from Rs. 25.31 lakhs to Rs. 30.48 lakhs. Interest paid on deposits has gone up by Rs. 2.78 lakhs only. The net profit having increased from Rs. 6.15 lakhs to Rs. 6.90 lakhs, provision for taxation has been increased from Rs. 1.50 lakhs to Rs. 2.00 lakhs. Dividend rate has also been stepped up from 3.5 per cent to 4.00 per cent per annum.

The progress of the bank during the last three years is outlined in the table below:

(Figures in lakhs of rupees)

	1951	1952	1953
(a) (i) Fixed deposits ..	1,13.45	1,19.37	1,98.12
(ii) Savings Bank Deposits	2,73.42	2,54.47	2,82.34
(iii) Current account, contingency account etc.	4,51.04	4,30.56	5,56.98
Total deposits	8,37.91	8,04.40	10.37.43
(b) Investments	3,77.80	4,17.70	4,94.45
(c) Advances	2,48.12	2,77.37	3,64.30
(d) Interest earnings	26.56	25.31	30.48
(e) Interest paid on deposits etc.	9.45	7.61	10.39
(f) Net profit	6.57	6.15	6.90
(g) Provision for taxation ..	1.50	1.50	2.00
(h) Reserve fund	1.50	1.50	1.50
(i) Provision for depreciation	0.75	0.80	0.83
(j) Dividend rate per cent per annum	3.5	3.5	4.0

THE PUNJAB NATIONAL BANK LTD.

The directors' report of the Punjab National Bank Ltd. for the year ended 31st December, 1953, shows the deposits of the bank at Rs. 65.31 crores registering an increase of Rs. 6.37 crores over the figure of the preceding year. The working capital of the bank at Rs. 79.78 crores shows an increase of Rs. 5.79 crores and Rs. 12.26 crores over that of 1952 and 1951 respectively. The most encouraging feature of the report is the increase in net profit by more than Rs. 2 lakhs while the general trend of bank profits in 1953 was downwards. Out of a total profit of Rs. 41.79 lakhs, including Rs. 1.93 lakhs brought forward from the preceding year's account, the directors have made the following allocations:

(1) Income-tax provision	12.50
(2) Contingency reserve	10.25
(3) Reserve fund	0.94
(4) Bonus to staff	7.50
(5) Charity account	0.50
(6) Dividends	7.00
(7) Carry forward to the next year's account	3.10

The Chairman, Shri Shriyans Prasad Jain, M.P., pointed out in his speech at the 107th ordinary general meeting of the bank that the assets of the bank in cash, bank balances, money at call and short notice and investments in Government and Trustee Securities amounted to Rs. 42.72 crores which was equivalent to 65.41 per cent of the total deposit liabilities of the bank. The bills discounted and purchased amounted to Rs. 3.59 crores. The liquid assets thus amounted to 70.9 per cent of the bank's deposits.

Mr. Jain made a strong plea for the amendment of Section 33 of the Industrial Disputes Act, and Section 22 of the Industrial Disputes (Appellate Tribunal) Act, so as to empower the employer to appropriately deal with an employee for misconduct not connected with the dispute.

THE CENTURY SPINNING AND MANUFACTURING CO., LTD.

The working results of the Century Spinning and Manufacturing Co., Ltd. (Managing Agents: Birla Brothers Ltd.) for the year 1953 make a very encouraging reading. The net profit at Rs. 96.82 lakhs is higher by 89 per cent as compared with the year 1952. The provisions for both depreciation and taxation have, therefore, been stepped up.

The bill for salaries and wages (including the dear food allowance) shows a rise of nearly Rs. 53 lakhs from Rs. 152.14 lakhs to Rs. 205.19 lakhs while the amount spent on the purchases of cotton and yarn reveals a drop of nearly Rs. 22 lakhs from Rs. 301.4 lakhs to Rs. 279.07 lakhs.

The dividend rate has been enhanced from 20 to 22 per cent per annum.

The table below summarises the working results of the company during the last three years:

(Figures in lakhs of rupees)

	1951	1952	1953
(a) Sales	732.65	724.57	725.40
(b) Purchases of cotton and yarn	417.05	301.04	279.07
(c) Salaries and wages (including the dear food allowance)	156.13	152.14	205.19
(d) Net profit (subject to provision for taxation and depreciation)	92.37	51.17	96.82
(e) Provision for depreciation ..	11.00	11.00	12.50
(f) Provision for taxation ..	33.00	15.00	32.50
(g) Dividend rate per cent per annum	20	20	22

CORRECTION

It is regretted that some printing errors appeared in 'News in Brief' of the issue dated April 9, 1954. The total paid-up capital of Joint Stock Companies in India is Rs. 830 crores and not Rs. 8.30 crores as printed. The total ordinary expenditure of Britain is £4,274,920,000 and not £427,492,000 as reported.

COMMODITY NEWS AND NOTES

FIRST TOBACCO ESTIMATE

The all-India first estimate of tobacco for 1953-54 puts the current year's area at 777,000 acres as against the adjusted first estimate of 737,000 acres for 1952-53. The current year's estimate, compared to last year, thus shows an increase of 40,000 acres or 5.4 per cent in area. The increase in acreage during the current year has occurred mainly in Bombay and is due to favourable weather conditions at the time of sowing. This increase has, however, been offset to some extent by the decrease reported mainly by Andhra State due to heavy rains during the planting season. This estimate includes, for the first time, information in respect of Himachal Pradesh, accounting for an area of about 1,000 acres under the crop during 1953-54.

INCREASING SUGAR PRODUCTION

The Government of India have decided that steps should be taken to increase indigenous production of sugar in view of the increased consumption in the country. The additional capacity to be installed for this purpose, says a Commerce and Industry Ministry Press note, may take the shape of establishing new factories, expanding existing ones and to a limited extent the establishment of refineries.

EXPORT OF MANGANESE AND IRON ORES

The Government of India have reviewed the export policy of manganese and iron ores from the port of Calcutta in the light of the availability of wagons and the accumulation at the port of Calcutta. Since substantial quantities of these ores from the previous allotments still remain to be transported, it has been decided to extend the period of validity of the quota-slips for purposes of allotment of wagons up to the end of April. In view of the accumulation at the port of Calcutta, it has also been decided to give ad hoc consideration to requests for the grant of supplementary export licences for the export of quantities in addition to the quotas already allotted. These requests will be entertained only from shippers and mine-owners who have completed shipments against the previous allotments and who do not require any transport facility for the additional quantity applied for.

WORLD MAIZE PRODUCTION

The United States Agriculture Department in its second estimate of world maize production confirms that for 1953-54 the harvests in total have reached the second highest since the record in 1948-49. The latest figure is set at 5,715,000,000 bushels against 5,625,000,000 bushels in 1952-53. Better crops than originally anticipated were noted in Argentina and South Africa. Brazil's production was estimated at 240 million bushels against 232.5 million while the harvest in Mexico was forecast at 121,250,000 bushels against 126,060,000 bushels, last year.

WORLD OUTPUT OF FATS AND OILS

The United States Agriculture Department has estimated world production of fats, oils, and oil-bearing materials in the year 1953 at 26,680,000 short tons, oil equivalent. This would be the second largest tonnage on record, the Department said, and only slightly less than the estimated 26,810,000 tons produced in 1951. Output in 1953 would show a 2 per cent gain over 1952 production of 26,189,000 tons, the Department added, and would be an increase of 21 per cent over output in the 1945-49 post-war period and 13 per cent over the pre-war average.

The Agriculture Department has made the following production estimates and comments in its forecasts: Total production in 1953 of edible vegetable oils would be 3,665,000 short tons compared with 3,070,000 tons in 1952, and represents "a rather substantial increase" from a year earlier and is 19 per cent higher than the 1945-49 average.

U.S. COPPER OUTPUT HIGH

Production of crude copper in the U.S. in December, 1953, amounted to 88,345 tons compared with 85,729 tons (revised) in November, 1953, according to the U.S. Copper Institute. Production of refined copper totalled 123,296 tons against 119,230 tons for the corresponding months respectively.

Domestic deliveries reached 112,244 tons compared with 100,908 tons in November, 1953. End-of-month refined stocks amounted to 89,193 tons against 93,274 tons. Copper production in countries outside the U.S. increased in December, 1953, following the settlement of the Chilean miners' strike. Deliveries broadened during the month, but end-year stocks of refined copper, nevertheless, rose to new high levels.

RECORD U.K. IRON AND STEEL OUTPUT

British steel production in January, 1953, averaged 360,000 tons a week, the highest figure for the month ever recorded. The weekly average last year was 346,300 tons. Pig iron production was the highest ever recorded for any month with a weekly average of 229,600 tons.

WORLD RUBBER PRODUCTION AND CONSUMPTION

Combined consumption of natural and synthetic rubber in 1953 reached a record high level at 2,432,500 long tons. The previous best was in 1952 with a combined total of 2,335,000 tons. In 1951 the total was 2,312,500 tons. The International Rubber Study Group estimates natural rubber production in December at 167,500 long tons and consumption at 122,500. Production for the year 1953 is put at 1,717,500 tons against 1,785,000 in 1952 and 1,885,000 in 1951 and consumption at 1,565,000 against 1,450,000 and 1,500,000 tons respectively. Stocks at the end of December were 360,000 tons against 817,500 at the end of 1952 and 812,500 at the close of 1951.

The consumption figures for the year include estimated imports into Russia of 41,850 tons and into China of 56,750 tons, while the stock figures exclude government stocks not available to industry in the U.K., the U.S.A. and France. Reported exports of rubber from the Republic of Indonesia during December, 1953, amounted to 59,078 long tons, including 21,393 long tons of estate rubber and 37,685 tons of smallholders' rubber. Exports to Malaya were reported at 18,301 tons, whereas Malayan imports from Indonesia were 25,176 tons, indicating non-reported exports of 6,875 tons. Total exports from Indonesia in December are thus estimated at 65,953 tons, making 686,211 long tons exported during the year 1953. Synthetic rubber production in December, 1953, was 65,000 and consumption 57,500 tons. For the year production reached 935,000 against 877,769 tons in 1952, and consumption 867,500 against 885,000 tons.

THE EASTERN ECONOMIST
(Subscription Rates)

	Payable in advance India Rs.	Foreign Rs.
Annual	50	66
Half-yearly	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9/- per year.

Foreign air rates on application. Offices in New York, London, and Tokyo

Manager,
THE EASTERN ECONOMIST LTD.,
52, Queensway,
NEW DELHI.

COMPANY MEETING

THE UNITED COMMERCIAL BANK LTD.

Speech delivered by Mr. G. D. Birla, Chairman of the United Commercial Bank Ltd., at the Eleventh Ordinary General Meeting of the Bank held on 7th April, 1954.

Gentlemen,

I have great pleasure in welcoming you to our Eleventh Annual General Meeting. The Balance Sheet and Profit and Loss Account of the Bank have been in your hands for some time. The year 1953 marked the commencement of the second decade of the Bank's history. I am glad to say, as in the case of the first decade, the second decade too has begun with considerable all round improvement in the Bank's business.

BANK'S BUSINESS

DEPOSITS

The deposits of the Bank at the end of 1953 stand at Rs. 37.72 crores, an increase of Rs. 6.84 crores during the year. Expansion of your Bank's business under this head is of the order of 22 per cent which when compared to an overall rise of less than 1 per cent in the deposits of all scheduled banks during the year should be considered as extremely good.

CASH

Cash on hand and balances with banks stand at Rs. 6.86 crores which gives a ratio of 18.2 per cent to deposits. This too is satisfactory.

INVESTMENTS

The Investments of the Bank stand at Rs. 17.88 crores showing an increase of Rs. 3.7 crores over the corresponding figure of 1952. The ratio of investments, less amounts borrowed there-against, to deposits is 38.5 per cent. Cash, balances with banks and unencumbered investments amount in the aggregate to Rs. 21.39 crores which gives a ratio of 56.7 per cent to total deposits. This is highly satisfactory. The Bank's investments appear in the Balance Sheet at below market value.

BILLS

The amount of bills purchased and discounted has increased during the year from Rs. 5.07 crores to Rs. 7.80 crores, a rise of Rs. 2.73 crores or 53.8 per cent. It is gratifying to note that bills purchased or discounted, a highly self-liquidating asset, form 20.7 per cent of the Bank's total deposits. The amount of bills for collection is Rs. 4.24 crores against Rs. 2.75 crores in the previous balance sheet. We should be happy that the total of bills purchased, discounted and received for collection stands at a figure of over Rs. 12 crores and forms over 20 per cent of the total working funds of the Bank.

FOREIGN EXCHANGE BUSINESS

The Bank continues to make satisfactory progress in the foreign exchange business. The total of bills purchased payable outside India has increased from Rs. 2.75 crores at the end of 1952 to Rs. 4.72 crores at the end of 1953. Likewise, the amount of bills for collection payable outside India has increased from Rs. 1.46 crores to Rs. 2.47 crores. The total of both these figures has increased from Rs. 4.21 crores to Rs. 7.19 crores, a rise of 70 per cent.

Business under acceptances, endorsements and other obligations, which is principally connected with international banking, has increased from Rs. 5.61 crores to Rs. 7.75 crores, a rise of 38 per cent. In spite of the fact that prices have been falling and there are more restrictions on imports, it is gratifying to note that there is all round improvement in your Bank's foreign exchange business.

ADVANCES

Advances of the Bank have also increased during the year from Rs. 9.11 crores to Rs. 11.99 crores. Most of the advances of your Bank are of a seasonal character and self-liquidating. The percentage of advances to deposits is 31.8.

Taking advances and bills together there is an improvement under this combined head from Rs. 14.18 crores to Rs. 19.79 crores, an increase of Rs. 5.61 crores or nearly 40 per cent. The combined total of advances and bills, however, forms only 52.5 per cent of total deposits.

Looking to the fact that there has been shrinkage in prices and trade figures, it is gratifying to note that far from there being any fall in the Bank's business, there is increase both under deposits and lendings.

HIGH LIQUIDITY

The Bank continues to maintain a very high ratio of liquidity. The total of cash, bank balances, money at call and at short notice, unencumbered investments and bills purchased and discounted stands at Rs. 29.19 crores which is 120 per cent of demand liabilities, amounting to Rs. 24.27 crores. The percentage of these assets to total deposits and bills payable is 76.3.

PROFIT

The profit of the Bank for the year 1953 is Rs. 23.51 lakhs. This is lower than the previous year's figure. Principal reasons for fall in the Bank's profits, which are common to this Bank and to other banks, are higher rates of interest which banks in general pay on deposits, without any corresponding increase in their rates on lendings and investments, and increased cost of establishment charges; and in the case of your Bank some increase under "other expenditure". There is also in the case of new banks like ours need to provide for adequate depreciation on bank's property, furniture, fixtures, equipments and buildings which does not exist to such an extent in the case of older banks, as they have largely written off these assets in their long career. In the case of your Bank depreciation for 1953 amounts to Rs. 6.27 lakhs, which is Rs. 1 lakh more than that in 1952.

The amount of interest paid is higher by Rs. 14.65 lakhs. Salaries and allowances of the staff, excluding ex-gratia payment made during 1952, shows an increase of Rs. 6.44 lakhs. Other expenditure mainly connected with our expansion programme shows a rise of Rs. 3.08 lakhs. Against these increases in expenses there is an improvement of only Rs. 19.35 lakhs in the Bank's earnings from interest, discount, exchange and commission, showing on balance a deterioration of about Rs. 5 lakhs in profit. That the Bank in spite of 22 per cent increase in deposits and of 40 per cent rise in its lendings should still experience adverse result in its net earnings shows that banking in India is faced today with extremely difficult conditions.

APPROPRIATION OF PROFITS

Including the amount brought forward from 1952 the amount of available profit, after setting off Rs. 55,305 paid as donations to the Pagoda Building Fund of the Prime Minister of Burma and the Building Fund of the Federation of Indian Chambers of Commerce and Industry etc., is Rs. 24,02,320-7-3. Out of this the Directors have already appropriated Rs. 5 lakhs to the Reserve Fund which now stands at Rs. 80 lakhs and made a provision of Rs. 9½ lakhs for income-tax, leaving a balance of Rs. 9,52,320-7-3. The Directors have recommended to you, in their report, to sanction payment of dividend at Rs. 2 per share, free of income-tax, same as last year, leaving Rs. 1,52,320-7-3 to be carried forward to the next year's account.

BRANCHES

During the year under review the Bank opened its branch in London. Originally the office was located in Fenchurch Street, but later, on the Bank finding better and bigger accommodation, it was shifted to No. 15, Throgmorton Avenue, E. C. 2. The branch is doing good business to such an extent that we are, even now, finding the present premises insufficient.

MANAGEMENT

I am very sorry to inform you that the Regional Manager of the Bank for South-East Asia, Mr. J. P. Sen Gupta, died while on duty in the air crash at Singapore, when returning from Djakarta, on the 13th March, 1954. He was a capable and conscientious officer with a high sense of duty. On behalf of the shareholders, the management, the Board and myself, I offer our deep sympathy to Mrs. Sen Gupta and her children in their very sad bereavement.

Your General Manager, Mr. B. T. Thakur, deserves our gratitude for ceaselessly working for the Bank. The great progress which the Bank has achieved in such a short time is mainly due to his industry, ability, effort and foresight. I take this opportunity to thank him and his colleagues and other members of the staff for their untiring work and high sense of duty.

NEED FOR COMMON ACTION BY BANKS FOR HEALTHY BANKING

As a result of very keen competition amongst banks an undesirable practice has grown whereby not only fixed deposits but also call and overnight deposits are induced from banking accounts and accepted by banks at a disproportionately high cost of 3 per cent or even higher, in addition to brokerage paid on such deposits. The cost of such deposits approximates to paying bank rate on current account money, which is not at all a healthy banking practice. All this money normally lies in current accounts earning little or no interest. One can understand borrowing at such a high rate between banks for the purpose of balancing their books at the end of the day, instead of going to the Reserve Bank, the lender in the last resort, for borrowing at the bank rate. But it is extremely undesirable that banks should load themselves with higher cost of borrowing by inducing transfers from their own current accounts to call deposits, or disturbing each other's similar accounts; because in the end it does no bank any good, but only increases the overall cost of deposits. The increased rate of interest on deposits does not bring into the banking system any new money. Again, all banks are suffering from their inability to pass on this added cost of deposits to their investments which were bought when the bank rate was lower and rates on deposits much lower; because rates of interest on such securities being fixed at the then lower rate connot be raised at will. This disability is particularly great in the case of Indian banks which keep about 40 per cent of their deposits in Government Securities. It is not only the question of deterioration in the market value of investments which follows increase in the bank rate which affects banks, but also the more serious impairment in the rate of current earning which can only be righted after the securities mature for payment. But the difficulty of banks does not end here. The increased cost of deposits is also not fully passed on to banks' lendings. There is no corresponding increase in the rate of interest on advances, nor are the rates for buying bills adequately adjusted to the increased rates of interest on deposits. It will be to the common good of all banks that they should think of ways and means, if necessary under the friendly guidance of the Reserve Bank of India, to restore equilibrium in their earning capacity, by bringing their interest rates on their borrowings and lendings in proper alignment.

ESTABLISHMENT EXPENSES IN INDIA AND THE U.S.A.

The question of establishment costs has really become very urgent and serious for banks in India. I give hereunder a statement giving telling information about the establishment and operating expenses of Indian scheduled banks and how they compare with the corresponding expenses of banks in the United States of America during the five year 1948 to 1952. These figures are based on the information given in the Statistical Table relating to banks in India 1952, published by the Reserve Bank of India, and the Federal Reserve Bulletin for May 1953. As the figures for 1953 are not available I have not been able to include them in the statement, but I am sure that, when they are published, they will indicate that the position has further deteriorated.

ESTABLISHMENT AND OPERATING EXPENSES OF BANKS IN INDIA AND THE UNITED STATES OF AMERICA

		1948	1949	1950	1951	1952
Indian Scheduled Banks						
Deposits	Rs. crores	875	760	754	748	715
Gross Profit	Rs. crores	21.44	21.47	22.14	24.62	25.25
Net Profit	Rs. crores	8.07	7.88	6.58	7.51	7.44
Percentage of establishment expenses to Gross Profit		44.31	48.08	50.80	48.68	50.86
Percentage of establishment expenses to Deposits		1.09	1.36	1.49	1.60	1.80
Percentage of Operating Cost to Gross Profit		60.6	63.7	65.7	64.8	66.7
Percentage of Operating Cost to Deposits		1.48	1.80	1.93	2.13	2.35
Average Establishment expenses per banking office	Rs.	33,000	37,000	42,000	46,000	50,000
U.S.A. Federal Reserve Member Banks						
Deposits	$ million	121,362	123,885	133,089	141,015	147,527
Gross Profit	$ million	2,578	2,725	2,994	3,363	3,755
Percentage of establishment expenses to Gross Profit		34	34	33.4	33.4	33.1
Percentage of establishment expenses to Deposits		.72	.75	.75	.80	.84
Percentage of Operating Cost to Gross Profit		56.4	56.2	54.8	53.9	53.8
Percentage of Operating Cost to Deposits		1.20	1.24	1.23	1.28	1.37

Note: 1. The word Gross Profit is taken to mean income from banking operations less interest paid on deposits and borrowings.

2. The word operating cost means establishment and other expenses of banks excluding interest paid.

UNBEARABLE LOAD OF ESTABLISHMENT AND OPERATING EXPENSES ON DEPOSITS

It will be seen from the above statement that the ratio of establishment expenses to deposits of Indian scheduled banks has been continuously increasing from 1.09 per cent in 1948 to 1.80 per cent in 1952, a rise of over 70 per cent. Similar ratio in the case of banks in the United States has been almost steady around

⅜th of 1 per cent. The incidence of these expenses on Indian banks is 115 per cent more than in the case of the richest country in the world, the United States of America. As a result of the very heavy expenditure on staff, the overall operating cost of Indian scheduled banks in 1952 is also extremely high. This means an unbearable load of 2.35 per cent on deposits.

EXPENSES ABSORB MUCH GREATER SHARE OF GROSS PROFIT

Taking establishment expenses as a percentage of gross profits it will be seen that this ratio in the case of Indian banks has been continuously increasing from 44.31 per cent in 1948 to 50.86 per cent in 1952 in spite of continuous increase in the gross profits of banks. Similar ratio in the case of American banks is of the order of 33 per cent. This shows that establishment costs absorb 50 per cent more of the gross profits of Indian banks than is the case in the United States.

Taking the total operating expenses, the ratio thereof in 1952 to gross profits stands at 66.7 per cent against the American ratio of 53.7 per cent. Further, the ratio has been steadily coming down in the U.S.A., whereas it has been going up in this country. In India two-thirds of gross profit is absorbed by working expenses, a very high figure indeed, when we consider that out of the remaining balance older banks pay bonus to staff, which further decreases the residue from which first to meet such contingencies as fall in security values and bad debts to which banks are usually subjected and from the remainder pay taxes and dividends and to build up reserves. The position is getting very serious for banks, and they cannot be allowed to remain on such dangerous ground any longer.

AVERAGE COST PER BANKING OFFICE HIGH

During the five years 1948 to 1952 the average establishment expenses per banking office in India for all classes of scheduled banks has gone up from Rs. 33,000 to Rs. 50,000 per year, a rise of over 50 per cent; and this in spite of fall in deposits of banks.

NO END TO MOUNTING EXPENDITURE

There is no end to this mounting expenditure. The Industrial Disputes Act as it stands at present makes it impossible for any bank to close any of its branches, howsoever unremunerative, or to terminate the services of any person howsoever inefficient or indisciplined; and on the top of this, increments have to be given every year, whether there is paying capacity or not, or whether the work of employees is good or not. The procedure of charge-sheeting employees, prescribed by labour tribunals, is cumbersome, resented by employees themselves, and does not help the banks. It is the very negation of speedy decisions so necessary in business and banking. No wonder there has been no expansion in banking in this country during the last several years As healthy banking and its expansion are essential for the progress in the country's economy, I hope the Government will soon take suitable measures to restore normal conditions in banks.

MINIMUM REQUIREMENTS OF COMMON POLICY OF BANKS ON RATES OF INTEREST

The least that the banks in India should do to overcome the deterioration in their working is to decide on a common policy in regard to the following matters:

(i) No interest should be paid on current accounts. With an overall establishment cost of 1.8 per cent and operating cost of 2.35 per cent on total deposits, there is no justification for any interest being paid on current accounts, which, considering the nature of their operations and costs thereof are much costlier, in operation. Check accounts on Savings Banks are one of the means whereby such a common policy can be circumvented, and therefore common action in regard to such accounts is also necessary.

(ii) No deposits payable at less than two weeks' notice should carry any interest. This will stop the suicidal action of banks in needlessly raising the rates of interest on call money received from clients. Such a practice already exists in other organised banking systems. For example, the minimum period for interest bearing deposits is one month in the U.S.A., and three weeks in Great Britain. Interbank call loans may be exempted from such an embargo.

(iii) Maximum interest allowed on any deposit should not be more than 1½ per cent under the Bank Rate.

(iv) Minimum rate for advances should not be less than 1½ per cent over the Bank Rate. Looking to the facts that 50 per cent of deposits of banks is in the shape of cash and bank balances, which earn nothing, and in government securities return on which barely covers interest at present paid on fixed and call deposits, and that the banks' operating cost is 2.35 per cent on deposits, and tends to rise further, a difference of 3 per cent between the maximum rate of interest on deposits and the minimum rate on advances is the absolute minimum that should be ensured for healthy banking.

(v) Rates for discounting and purchasing bills should be suitably regulated.

APPEAL TO STAFF

While I am conscious of the great and indispensable importance of all the members of our Bank's staff, high and low, and thank them for the work they are doing in making the Bank a big success, I think I should take this opportunity to appeal to them to concentrate more on developing their usefulness, efficiency and productivity, which qualifications alone can give abiding improvement in emoluments and standards of living. The present tendency to emphasize privileges without adequate realization of wherewithal through better work, upon which alone depends the achievement of the former, has merely created weaknesses in the banking system, which must soon result in their own detriment. There has been no expansion in banking; but on the contrary there has been curtailment due to failure of banks and closing of branches. There is no further room for employment in banks which would automatically follow if there is increase in banking activities. The country's economy is crying for more banking. But obviously with an average expenditure of Rs. 50,000 per banking office no bank can think of even attempting to open at new places, because such expenditure once incurred cannot be eliminated, if the experiment does not prove a success. In their own interest, as well as in the larger interests of the country, they should be more realistic in their attitude. A little later I shall refer to the report of an important continental Federation of Trade Unions which also emphasises sanity and logical realism in labour policies.

GENERAL CONDITIONS

COMMITTEE ON FINANCE FOR THE PRIVATE SECTOR

I take this opportunity to congratulate your General Manager on his appointment as a member of the Committee on "Finance for the Private Sector". Under the directions of the Planning Commission, the Reserve Bank of India has set up this Committee to explore ways and means for augmenting sources of finance for the private sector of Indian business, as distinct from the requirements of the Public sector, i.e. of enterprises directly undertaken by the State, with special reference to the increased part that banks in India can play in this respect. Shortage in savings and capital is a serious impediment to the growth of our country's economy, and therefore a major cause of unemployment. Both Government and businessmen anxiously await the report of this Committee, which, I hope, will examine this vital problem of the country in a businesslike and matter-of-fact manner, and indicate a correct basis for the formulation of the future financial policy of the country.

TAXATION ENQUIRY COMMISSION

Another body, which has an important bearing on our national prosperity, is the Taxation Enquiry Commission under the Chairmanship of Dr. John Matthai, a former Finance Minister of the country. For speedily developing the economic resources of underdeveloped countries like India, which have huge economic arrears to make good, there is immediate need for creating better incentives to make all sections of people rise equal to the occasion and to make all-out efforts for work, regardless of time, discomfort, inconvenience or sacrifice.

BEARER INSTRUMENTS OF SAVINGS AND INVESTMENTS

While on the question of taxation, I cannot help referring again to a subject to which I have often referred in my annual speeches. In countries where literacy, capital, knowhow, and banking and investment habits are poor, nothing helps growth of savings more than the introduction of Bearer Instruments of savings and investments. The revenue of the State will in the ultimate analysis under the scheme rise without doubt, because that money which does not at present function and does not pay any taxes to the State, will actually come forward and pay taxes through earnings on such bearer securities. To mitigate possible loss through evasion of tax, these instruments can be loaded with a surcharge of 10 per cent of further tax, over and above what may be deducted at source and no refund should be allowed on such deductions. By such a formula the State would actually get more taxes. Increased revenues being so necessary, the State cannot afford to neglect any means which can help such a purpose. Continental countries have put no ban on bearer instruments. Banks in Switzerland continue to issue their Bearer Bonds. Conditions in our country, from the point of view of tax, are no worse than in European countries. It would be an act of high statesmanship to convert any act of seeming irregularity into an advantage, through suitable adjustments and modifications.

PRINCIPAL ECONOMIC FIGURES

Year (Last Friday)	Money Market: Amounts (Rs. crores) Deposits (a)	Advances & Inland Bills (a)	Currency Circulation	Money Supply	Economic Trends : Index Numbers Investments: 1949=100 Govt. of India	Fixed Yield	Variable Yield	Wholesale price Aug. '39=100	Working Class cost of living (Bombay) Aug. '39=100	Industrial Production 1946=100
1949	833.37	410.62	1,106.47	2,003.73	100	100	100	381.3	292	106.1
1950	862.77	445.15	1,163.25	2,085.00	97.9	99.5	107.5	412.6	298	105.0
1951	846.21	542.52	1,141.09	2,080.59	91.1	89.9	89.0	372.7	321	128.9
1952	830.72	468.33	1,092.12	1,938.05	90.1	93.6	102.9	389.4	350(b)	137.6
1953	838.12	461.09	1,125.52	1,890.67						
% Change between 1949 & 1953	+0.6	+12.3	+1.7	—5.6	—9.9	—6.4	+2.9	+2.1	+19.9	+29.7

Crore=10 million

(a) of Scheduled Banks in India, (b) October 1953-November 1953 index is 344.

Another point which I wish to stress again is that due to the great shortage of capable manpower in administrative and business management, a ceiling of 50 per cent should be imposed on the tax payable on the highest slab of income of this class, in respect of their earned salaries. Our progress entirely depends upon these men, who bear great and increasing burdens of promoting national prosperity.

MONEY CONDITIONS

Monetary conditions in India in 1953, were fairly comfortable. The Bank Rate remained unchanged at 3½ per cent per annum. The falling tendency of banks' deposits noticeable from 1950 has been reversed for the first time. Although Scheduled Banks' deposits at the end of 1953 exceed the 1952 figure by only Rs. 7.40 crores, a nominal rise of 4/5th of 1 per cent, it is satisfactory to note that the change is for the better. Advances and inland bills of scheduled banks at the end of 1953 stand at Rs. 461 crores, a drop of Rs. 7.24 crores or 1½ per cent as compared to 1952. The ratio of advances and inland bills to deposits is 55 per cent against 56.4 per cent at the end of the preceding year. Currency in circulation has increased from Rs. 1,092 crores to Rs. 1,126 crores, a rise of 3 per cent. But the benefit of increased currency circulation has not come to the banking system because of the shift in income that has taken place to a different class of people, who are not accustomed to banking and investment. The money supply is, however, lower at Rs. 1,891 crores, a decrease of Rs. 47 crores, mainly due to fall in the balance of the Government of India with the Reserve Bank.

The diversion of money from organized money market and the banking system, to the countryside and to private hoards, which has been a feature of the Indian monetary condition for the past several years, brings again to the forefront the urgent need of widening the field of work of banks, if necessary by new methods and new approaches suited to the special conditions of the country. I have already explained how Indian banks, on account of the high cost of working under present laws of the country, cannot cover millions of vastly scattered small pockets where money lies diffused. I hope the Committee which is looking into the question of increased finance for the private sector will find a solution for the deadlock and help in the growth of Indian banking.

INVESTMENT TRENDS

All the loans floated last year by the Government of India and the State Governments were successful. Taking all the States together, they had to offer a return of slightly more than 4 per cent on the Loans. The return on Government of India's new flotation was a little above 3½ per cent. The index number of price of Government of India securities is somewhat lower at 90.1 against 91.1 at the end of 1952, but the index numbers of prices of other securities which give fixed or variable yield have gone up, the former having improved from 89.9 to 93.6, and the latter from 89.00 to 102.9. It is gratifying to note this remarkable improvement in the price of Stock Exchange securities, which has been falling continuously since 1946. The improvement in the investment market is due mostly to psychological reasons and partly to some institutional buying. As yet there is not much evidence of the increased rate of formation of savings or of the increased purchasing power in the hands of people accustomed to invest. But

as the industrial securities had gone down much below their intrinsic value due to a sudden collapse of confidence, as if by a stroke of paralysis, they have naturally revived due to improvement in conditions that are expected to arise out of the heavy expenditure contemplated by the Five-Year Plan in the remaining two years. It is in our national interest to keep up this sentiment. Nothing should be done by the Government or the political leaders which will put a brake on incentive or confidence.

OTHER ECONOMIC TRENDS

I am glad to say that on the whole Indian economy has shown a good deal of strength and vitality during the last year. The process of adjustment of war conditions to the post-war era, which was interrupted by the outbreak of the Korean War, has now restarted. The process of settling down will affect different countries differently. India's intrinsic economic strength is sufficiently great to make this process somewhat less disturbing than in the case of other Eastern countries, where the great fall in the prices of primary produce has led to a considerable worsening in their economic conditions.

India has appreciably improved her agricultural and industrial production. The year 1953 closed with a surplus of 15 lakh tons of food grains. Rice crop for 1953-54 is estimated to yield a record production of 27.1 million tons, an increase of over 4½ million tons on the previous year's crop. Wheat and other major crops also show good results. Food rationing has been abolished in many places and the prices are also coming down. Index number of wholesale prices has slightly gone up from 372.7 to 389.4, but it is much lower than the level prevailing in 1951 and at the outbreak of the Korean war. The index number of cost of living, for working classes in Bombay has likewise gone up from 321 in December 1952 to 344 in November 1953. The index number of industrial production is up by 9 points, from 128.9 to 137.6, in spite of decreased production in iron and steel due to labour strikes and in jute goods. Most of the major Indian industries like Cotton, Cement, Tea and Paper show increased production. There was some decrease in the production of sugar, and the country had to import large quantities to take care of the deficiency. There is an all round easier feeling of sufficient supplies in consumer goods at fair prices.

WORSENING OF TERMS OF TRADE

Whenever there is adjustment of prices due to changes in overriding factors like war, peace, and foreign aid, the primary producing countries are generally the first to be adversely affected. With the decrease in war tempo consequent on the cessation of Korean hostilities, purchasing power of the people in backward areas is greatly reduced. Countries in the South-East Asia are badly affected. The fall in the price of tin, rubber, copra, etc., has seriously impaired the purchasing power of these people, who mainly depend for their well-being upon their export value. It takes some time before this fall has full repercussion on the price of manufactured goods, where there is greater and organized resistance, due to Trade Unionism, to lowering production costs through adjustments in wages. But unless the equilibrium is quickly restored, the terms of trade would continue to be against the Eastern countries for a long time, which will in itself seriously react upon the industrial production of the Western countries. The latest figures of index numbers of terms of trade of different countries of the world show that in the case of the United Kingdom, there is a betterment from 111 at the end of December 1952 to 86 at the end of October 1953; but for other sterling countries the index number has gone up from 86 to 94. In the case of India there is a worsening from 93 in December 1952 to 97 in July 1953, in spite of the advantages we have of cheaper cotton and cheaper jute in our textile manufactures. In the case of other Eastern countries the index number has risen from 87 in December 1952 to 94 in July 1953. There is also a worsening in the case of Ceylon, Malaya, Burma and Japan.

BALANCE OF PAYMENT POSITION

In spite of reduced level of India's foreign trade and a relatively greater fall in the prices of export commodities than in those of the imported goods, I am glad to say there is improvement in India's foreign balances. Sterling balances of the Reserve Bank of India have improved from Rs. 705 crores at the end of 1952 to Rs. 723 crores at the end of December last. Our dollar position is also better. Against a deficit on this account of Rs. 173 crores at the end of 1952, there is a surplus of Rs. 18 crores in the corresponding period of 1953. India received during the year 92 million dollars for development purposes by way of Technical Co-operation Aid from the United States and under the Colombo Plan from Canada and from the Ford Foundation.

THE FIVE-YEAR PLAN

On the 31st March last, India completed three years out of its Five-Year Plan programme. The total cost of the Plan, which was originally estimated at Rs. 2,069 crores has been increased by Rs. 175 crores to promote employment; raising the overall figure of capital required to Rs. 2,244 crores. But the amount spent in the first three years of the Plan is about Rs. 1,000 crores which will leave about Rs. 1,250 crores to be spent during the next two years. If the Plan is to be completed according to programme, something like Rs. 600 crores will have to be spent in the year 1954-55.

The Finance Minister has budgeted for Deficit-Finance of Rs. 250 crores during this year. This, when added to the amount of deficit financing during 1953-54, will raise the amount of Deficit-Finance to Rs. 378 crores. In his speech in the Indian Parliament on the 22nd March last the Finance Minister announced that the total deficit financing up to the end of March 1955 will go up to Rs. 495 crores, and the estimated amount under this head, during 1955-56, may go up to Rs. 395 crores raising the total to Rs. 890 crores against Rs. 290 crores originally contemplated by the Plan. The amount had to be increased because of a shortfall of Rs. 290 crores in the estimated foreign aid, Rs. 135 crores estimated deficits in the budgetary resources of the Union and State Governments and Rs. 175 crores due to expansion in the Plan. This increased resort to deficit financing no doubt increases the responsibility of the Government and the Currency authority to be more prudent and vigilant in their financial policies and to curb with a heavy hand tendency to increase uneconomic or wasteful expenditure. It also calls for greater self-discipline by the people of the country. If the created money is spent on development of economic plans there may at best be a small time lag until increased production obliterates the aberrations caused by this expenditure. For a country like India which has favourable conditions for development and is determined to go ahead with her economic programmes, this amount of Deficit-Finance should have little or no effect on prices of consumer goods largely needed by average man. With sufficient supplies of food and cloth, and tthe production capacity for the latter not as yet fully utilized, there will be no scarcity in these goods and there is no danger of rise in their prices. India must therefore successfully complete her Five-Year Plan. If for any reasons full results are not achieved, the fault will not lie in the lack of finance, but in other causes like poor drive or inadequate administrative ability. Past record of performances of States for pursuing the projects under the Plan is not very happy; and efforts will have to be made to strengthen their organizations to go full speed to complete the projects entrusted to them.

EDUCATED UNEMPLOYMENT

The problem of educated unemployment continues to be the most disturbing issue in the country. Everyone has the fullest sympathy for these young men who after spending their slender parental fortunes and several years of precious young age in studying in Schools and Colleges are faced with serious problems of maintenance due to lack of occupation. The number of students in Secondary Schools and Colleges has increased from 29½ lakhs in 1946-47 to 53 lakhs in 1951-52, a rise of over three-fourths. It is estimated that every year at least four lakh boys and girls leave the safe portals of the Educational Institutions and come out in search of employment. This number is swelled by those who lose their employment on the abolition of rationing and controls, or as a result of closing down of some business during the process of adjustment which is now taking place. *Figures of Employment Exchanges* show a continuously decreasing record of replacements. On the other hand registrations for employment have increased by 20 per cent during the 9 months March to December 1953. A situation like this in a democratic age and in a democratic country is indeed very serious and critical.

EXPANDING ECONOMY CAN ALONE EXPAND EMPLOYMENT

Employment in Government Offices was for many years considered to be the main outlet for our educated young men. The opportunities for such employment are strictly limited. Expanding business and industry are the only means of absorbing continuously increasing educated manpower. It must be said to the credit of Indian business men and industrialists who, in spite of serious difficulties and great discouragements in the pre-independence age, had the vision and foresight to do the pioneering work of building up India's industries, undergoing losses, privations and sacrifices, which today employ millions of educated people, whose fate otherwise would have been bleak. Such is actually the case in several Eastern countries, which have acquired freedom in post-war period. They have no modern business and industry worth the name to strengthen their economy and sustain educated employment. The policies and incentives which enabled our countrymen in the past to forge ahead in business, against heavy odds, would have found new encouragement under the new conditions. Indian business would have long before this attained still greater heights and would have brought the country greater prosperity and created many and varied opportunities for service and employment. Our young men and women who now feel so frustrated would then have been employed in work and remained contented. It is expanding business, expanding agriculture, and expanding industry that can meet the demand for work from the huge and ever increasing mass of India's educated youth.

MODIFICATIONS IN LABOUR AND WAGE POLICIES NECESSARY FOR INDUSTRIAL EXPANSION

In my previous speeches I have given the caution that unrealistic policies would lead to deterioration in economy. A business man, be he a merchant or an industrialist, is always eager to work if he can make some profit, howsoever small, and if he is left free to take decisions in the interests of his business. But when the odds are against profit and the chances are for loss, it is too much to expect, human nature being what it is, that people would come forward to engage themselves in losing enterprises. Inability on the part of the employer to control efficiency, discipline, and outturn in business, is the greatest obstacle to expansion in business and employment. If an employer is not free to control work and production, or if wages are governed by considerations other than those of quantity and quality of production, then the employer is helpless to achieve successful results. Our industrial labour legislation will have to be materially altered if the country aims at increased industrialization and increased employment.

NEED OF COMMON OUTLOOK AND EMPHASIS ON BASIS OF BETTER LIVING

The number of people who are enjoying the present one-sided benefit of industrial legislation is a microscopic minority of the total population of the country. They have been misled in a way and have been pampered, to such an extent that they have acquired, through Industrial Tribunals run by men who have no knowledge whatsoever of the wider economies of the country, an overriding veto over prosperity and employment. Everyone has the fullest sympathy with men of low incomes and poor standards of living. But the solution is not the burdening the consumer with a load beyond the capacity of his purse. Labour even cannot prosper unless the production goes up. Production cannot go up unless it is sold and it cannot be sold unless the cost of production is within the reach of the consumer. Herein lies the crux of the problem. India is a poor country and to inflate the cost of production is to put a virtual ban on increased production. It is through industrialisation alone that all needs can be met. Sentiment and emotion for human suffering are noble traits of character; but to satisfy them we must concentrate on cheaper and increased production. We should, therefore, under no circumstances divert our attention from the primary to the secondary issues, which would defeat the very object of sentiment. For solving India's unemployment, the need of realistic economic policies and the restoration of proper climate with greater freedom to business and industry are axiomatic. I hope the difficulties through which industry has gone and the necessities of the process of adjustments to which I have already referred will make all of us—Government, labour leaders and industrialists—sober, and will lead to a common outlook and a common emphasis on increased and better production, through harder and more work, as the basis of better living and better wages.

REPORT OF SWEDISH FEDERATION OF TRADE UNIONS ON "TRADE UNIONS AND FULL EMPLOYMENT"

A number of wise and correct decisions as to the attitude of labour on employment and national economy are contained in a recent report of Swedish Federation of Trade Unions on "Trade Unions and Employment" which fully support the views I have just expressed, and which I have been reiterating for several years. The report "recommends a much more vigorous labour market policy as a complement to general measures to keep effective demand below inflationary level. By means of economic incentives, selectively applied, a democratic society should be able to attain results equal to those achieved by Dictators through force i.e., a labour market whereby supply of and demand for Labour adapt themselves very quickly to each other... Administrative measures to combat inflation, such as price control, wage control, investment control and exchange control are of an awkward, negative type, always forbidding people to do what they want to do. In the larger run they cannot be successful and they are therefore, of a distorting and self-destructive nature". A true and correct analysis which all well-wishers of labour should bear in mind. Such a prudent policy would necessitate a certain amount of internal self-discipline by the Trade Unions, whether in this country or anywhere else. Labour being one of the largest forces in present-day civilization, it is incumbent on its leaders to think constructively and not to countenance any destructive agitation. In the case of Swedish labour movement it is realized that "the Central authority of the Confederation of Trade Unions should discourage demands that would increase wage differences between workers performing work requiring similar physical efforts and mental qualifications, and at the same time take a favourable view of wage differentials based on differences in skill and ability." The decisions of Indian labour tribunals are a complete

negation of this wise finding by the labour leaders in other countries, and constitute a virtual embargo on expansion of employment in India, particularly of the educated classes, who should be intelligent enough to know what is good for them and the country.

DEVELOPMENT CORPORATION

To assist India in the development of industries, there are proposals to start two Development Corporations, one by the Government of India which will consider proposals for providing finance for large-scale industries, when private agencies may not be able to gather all the required finance. The second is by Indian Industrialists with the blessings of the Government of India and of the World Bank. These moves are in the right direction. They will be autonomous bodies and work in different spheres. Each of them will have very wide powers for providing finance, managerial and administrative ability and technical knowhow. They may even arrange participations between established industries abroad and domestic enterprises. Working of these institutions may be even on unorthodox lines or on ad hoc basis. They will establish their own conventions and traditions as they grow and gain experience.

NO CLASH IN THEIR ROLE WITH INDUSTRIAL FINANCE CORPORATIONS

The Industrial Finance Corporation and the new Institutions of a similar nature that are being started by States have a limited objective. They provide part of long-term finance to people who are supposed to know everything of the industries they want loans for. But the proposed Development Corporations will embrace the very foundation and establishment of industries, including promotion, blue prints, technical and administrative skill and finance. Their role will not clash with the purpose of the industrial finance corporations which have a valuable part of their own to play in the country's economy.

INTERNATIONAL CONDITIONS

Your Bank today works in seven different countries. It is therefore not only a National Bank of India but a National Bank of every country it works in. It must be considered as an agency for international financial co-operation between the various countries which it serves. Our economic and statistical division conducts studies of economic problems of all these countries also. As Chairman of the Bank I must say a few words about the economies of the countries in which it operates.

UNITED KINGDOM

As a member of the British Commonwealth, India is happy at the growing prosperity and improved reserves of Great Britain. Our currency reserves largely consist of sterling balances and the strength of sterling in the world markets automatically strengthens our rupee.

At the last Meeting of the Commonwealth Finance Ministers in Australia a number of common problems were discussed, and decisions were reached to improve the finances and economies of its components. Such meetings must strengthen not only domestic finances but also the invisible financial bonds of the members.

LONDON—REGAINS INTERNATIONAL IMPORTANCE

Announcements by the British Treasury a few weeks back of the re-opening of the gold market in London on the 22nd March and removing the distinction between bilateral and transferable sterlings are to be welcomed. Sterling is a key currency and it finances about 40 per cent of total world trade. These changes will increase the use and status of sterling.

Exchange trading rooms in London banks were reopened last year, after many years of closure since 1939. That was the first step to restore to London something of its pre-war financial machinery. The present two measures will further strengthen London's position and prestige as the biggest international financial centre. These decontrols must further fortify the recent increased confidence in sterling. It being now more usable, foreigners will more freely hold it; and some of it can be locked away by them in gold. The only element lacking now in the complete reversion to pre-war conditions is the free convertibility between sterling and dollar. This obviously cannot be attempted all at once, but the measures taken so far must hasten the day of complete freedom from control on exchanges.

CURRENCY CONVERTIBILITY

The report of U.S. Commission on Foreign Economic Policy, under the Chairmanship of Mr. C. B. Randall, has gone into the question of currency convertibility. It wisely says that the restoration of convertibility is not merely a matter of curbing currency inflation abroad. In its opinion something much more is necessary than fixing of appropriate exchange rates and controlling inflation; and that is to lay proper "emphasis upon the structural longer-run nature of many of the war-induced distortions in production and trade, and upon deeper seated changes already apparent before the war". A country resorting to free convertibility, according to the Commission, must have, as a prerequisite, strong internal economy possessing necessary qualities of:

(a) willingness and ability to control money supply and its budget as safeguards against inflation,

(b) mobility to make the best use of its resources and

(c) ability and willingness to save in order to increase its productivity and improve its competitive position in world markets.

Attainment over time of these conditions can indicate how quickly full convertibility could safely be approached. By its gradual action, spread over a number of decontrol orders, Britain is surely but steadily marching towards the ultimate free convertibility of its currency. And that will also be good for the Rupee and all currencies linked to Sterling.

BURMA

Burma is our next-door friendly neighbour where your Bank has five branches, all doing well, the fifth one having been opened early this year at Bassein. Through a policy of service and helpfulness our Burma branches are doing their utmost to help the growth of economy and business of that country.

Hitherto due to world shortage in food, Burma was able to get a good price for her rice which provided badly needed funds to repair her war damages and to carry on a relentless fight against the rebels. But the world position in food is fast improving and Burma may not be able to get the price for rice she has been accustomed to in recent years. She must therefore concentrate on quickly developing her various other sources of wealth—oil, mining, timber, etc. A brave and friendly people, who have been able largely to overcome rebel activity without external aid, deserve fullest consideration and support in the development of their national economy, now that conditions are more peaceful.

PAKISTAN

Pakistan's economy has shown a good deal of vitality and strength. Its balance of payment position records an improvement, in 1953 being a surplus of Rs. 12.24 crores, as against a deficit of Rs. 87 crores in the previous year, a betterment of nearly Rs. 100 crores. It has now begun manufacturing jute goods, its jute mills being of latest and up-to-date model and very efficient in production. Its cotton textile industry is also expanding. A young country like Pakistan has

naturally to undergo sacrifices in present consumption to build up industries for future benefit; but its people can look forward to a well-deserved reward of better living once the industrial programme is completed.

MALAYA

We should all be happy at the improvement that has taken place in the Malayan situation. Restoration of law and order is a pre-requisite to economic improvement. This coupled with political reforms must lead to further tranquillity. But the fall in the price of copra, rubber and tin has reduced peoples' purchasing power and Government's revenue. The restrictive policy on trade between Singapore and Indonesia has also affected the country's economy. Britain is to be congratulated in coming to Malaya's help by donating £6 million in 1953 and promising help this year too.

HONGKONG

Hongkong has had a difficult year of trade in 1953. It mainly engages in **entrepot** trade. Shackles on trade between China and the rest of the world have affected Hongkong's prosperity. The cessation of Korean hostilities and the forthcoming Conference in Geneva, where Chinese People's Government will, for the first time, sit together with the Big-Four Powers, will, let us hope, lead to the full revival in Hongkong's trade with the mainland.

PONDICHERRY

It is regrettable that conditions for merging French possessions in India with the Indian Union are being unnecessarily retarded. Once the unification takes place, Pondicherry can be developed into a better port and its trade too can expand. There is no need for the agitation and disturbance which are now getting to be more frequent, to solve the merger issue. Realism and political sanity demand that this question should be immediately settled.

ECONOMIC COMMISSION FOR EUROPE

The survey for 1953 of the Economic Commission for Europe refers to the favourable dollar position of most Western European countries during the last 18 months. This is not due to increased exports to dollar area countries but is the result of reduced imports from hard currency areas. Europe has found alternate soft currency sources for buying wheat, sugar, cotton, tobacco, copper and petroleum products which make up in the aggregate 40 per cent of Western Europe's dollar imports. The problem before Europe therefore is not the shortage of dollars but how to prevent falling industrial production developing into general decline. Recession in American business will further accentuate this problem. When dealing with terms of trade I have referred to the need of adjustment in production costs through smooth downgrading of wages.

THE UNITED STATES OF AMERICA

The United States of America is perhaps the largest power today, economically, politically and militarily. Its aid, by whatever name called, has helped to rehabilitate the economy of many a country. But the tempo of this assistance is decreasing; and its capacity to bear the burden indefinitely and to the same large extent seems to be not so easy. Her people appear to be feeling the load of sacrifices they have been making for the last many years. With the fall in the intake of dollar goods by the rest of the world, and the decrease in the production of war goods due to cessation of Korean hostilities, there is bound to be some reduction in that country's industrial production. In spite of optimistic appraisals by some of the U.S.A. economists, signs are being increasingly felt of the deepening of recession in that country.

INVESTMENT CAN CHECK RECESSION

To check possible adverse influences on the European and American productions, it is necessary to pursue with full vigour programmes of investments for development in the backward areas of the East. This task of building up better economic satisfaction of people who have very low incomes, will not only keep at full speed the Western machines, but also lead to better political contentment, tranquillity and peace. Such a policy will give far greater dividends in the friendship of millions and millions of Eastern people than mere expenditure on military alliances. In this connection, it is indeed hopeful to observe that President Eisenhower has laid correct emphasis on reduction of tariff barriers in the United States and expansion of dollar investments abroad in his special series of foreign economic policy recommendations to Congress at the end of last month.

NEED OF NEW TECHNIQUE ON U.S.A.-ASIATIC QUESTION

The history of the United States is one complete uniform record of success and victory in all fields of life. It has not much galling experience of reversal or defeat. But hitherto her dealings have been mainly with smaller groups of humanity conforming to Western culture and civilization. Her first contact with the biggest Eastern country, China, ended in a sad disillusionment. A new technique of winning the trust and confidence of the poverty-ridden Eastern peoples, who have nothing to lose in any political change, through a better understanding of their sentiment, attitude and purpose, and winning their friendship through affection, service and generous allowances for their ignorance and backwardness, is absolutely necessary, if the influence of half the world's population confined in Asia is to be won for the common cause of democratic independence. No democracy has ever thrived on hunger and starvation.

AT THE CROSS ROADS

The world today stands at cross roads. Will it take the road to self-destruction, through bigger and greater military preparation and the atom and the hydrogen bombs and myriad new and frightful means of killing man, or will it choose the ever-glorious path of helping people to rise above sloth, indolence and technical backwardness? Wisdom indicates the path of service and aid. In the minds of the great people of mighty U.S.A. lies the answer.

THE HIND BANK LTD.
9, ROYAL EXCHANGE PLACE, CALCUTTA.
FOR COMPLETE BANKING SERVICE
SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 22,00,000
Connections in all principal centres of the world
Chairman Mr. K. P. GOENKA
General Manager Mr. S. D. PARDIWALLA.

COMPANY MEETING

THE NATIONAL RAYON CORPORATION LIMITED

Presiding over the Seventh Annual General Meeting of the Shareholders of the National Rayon Corporation Ltd., the Chairman of the Company, Sir Purshotamdas Thakurdas, K.B.E., C.I.E., said:

Production at the Plant continued to be higher than the rated capacity as at last year. You will also have noticed that the stock position of the finished products was quite comfortable as compared to the stock position last year. The Import Policy followed by the Government in allowing imports only to the extent of the deficit requirements of the country has resulted, as anticipated in stabilising the prices of yarn and liquidating the overstocked position of yarn in the markets as well as with the Company. It is hoped that the Government will continue this realistic policy hereafter also.

The Directors have recommended in the Report a provision of Rs. 22,00,000 as reserve for 'Deferred Taxation'. This provision is essential in the case of new industries like ours so as to equip ourselves to meet the Income Tax and Corporation tax liabilities in future years which are bound to be heavy once the Company's profits catch up with the large depreciation allowances allowed to new industries in the initial years. In effect, the so-called concessions of higher depreciation allowances allowed to new industries are not a real and substantial relief in the true sense of the term, because the entire scheme works out only to postpone the Company's tax liabilities by a few years. This is bound to be so as long as the amount of depreciation allowed is equal to the original value of the assets to be depreciated.

Due to these high depreciation allowances even the concession given to new industries exempting for a period of five years their profits of 6 per cent of the employed capital, becomes illusory. For, it would be very difficult for any new industry to make profits large enough to wipe away even such depreciation allowances which work out at the end of the 1st, 2nd, 3rd, 4th and 5th year to an aggregate of 50 per cent, 70 per cent, 85 per cent, 95 per cent and 100 per cent of the book value of the assets, respectively. The possibility of any new industry to be able to take the advantage of this benefit is, therefore, very remote because such benefits are allowed to new industries only for a period of five years after they start operations and are not allowed to be carried forward.

The Government has time and again announced that income up to 6 per cent of the employed capital in new industries will be free in the hands of the shareholders also. Unfortunately this intention does not appear to have been adequately reflected in the relevant provisions made in the Indian Income Tax Act. The position of the shareholders in this respect at present is rather obscure and anomalous. We are now advised that a strict interpretation of the Income Tax Act will render the dividends that are being declared liable for taxation in the hands of the shareholders whereas such would not have been the case had our profits been higher to the extent of providing for all the depreciation and unabsorbed depreciation and also 6 per cent of the capital employed. Virtually this results in rendering ineffective all the concessions held out by the Government to investors in new industries. The Company is thinking of taking up this matter suitably with the authorities concerned through proper channels.

The average imports during the past five years have now established that the total requirements of Rayon Yarn of this country would be about 40 million lbs. per year which figure is likely to increase with the increased popularity of the Art Silk fabrics and their 'per capita' use in India. It has been suggested to us that in these days of planned development, the country may expect us to take this opportunity and work up our programme of expansion, keeping in line with the industrial development of the country as a whole. Your Board is considering over this somewhat ambitious-looking suggestion and will take such action as may appear to them warranted by considerations of safety. The Company has taken in hand construction of a building for housing a duplicate plant whenever the Board orders the necessary machinery.

The important raw materials used in the manufacture of Rayon Yarn, as you may be aware, are Sulphuric Acid, Carbonbisulphide, Caustic Soda and Wood Pulp. Out of these raw materials, the Company has been manufacturing Sulphuric Acid and Carbonbisulphide since the beginning. The question of manufacturing Caustic Soda at the Plant itself has been engaging the attention of your Directors for sometime past.

While the Turbo Alternator Set which has been installed and worked could meet the present requirements of the electric power for the additional Spinning Frames now under erection the extra power required for the expansion scheme is being negotiated with the Government and the Tata Power Company. We believe that this bottleneck in the matter of supply of sufficient electric power which hampers the expansion of industries will ease considerably by the time the suggested expansion programme is taken in hand and completed.

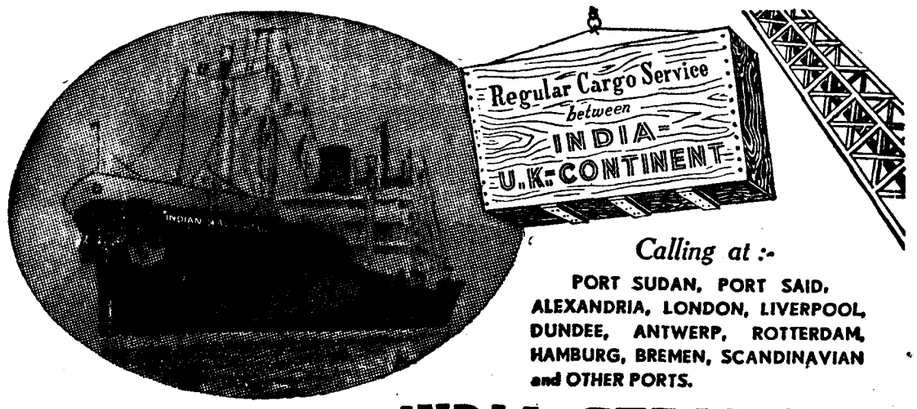
The supply of wagons for coal continues to be another headache. Though this matter was straightened out by proper approach to the authorities concerned as and when emergency arose, it would help matters a good deal if the Government comes to the aid of industries and give this matter top priority so as to solve this difficulty once and for all.

The recent announcement by the Central Government to levy an excise duty of one anna on every square yard of Art Silk fabrics has naturally caused a flutter and heavy depression in the Art Silk Weaving industry. Representations are being made to the Central Government in this connection, which I sincerely hope the Government of India will consider very sympathetically, so that the progress so far made in this connection may not get a set-back. I do not wish to dwell at further length on this, but I cannot help feeling that in trying to encourage industrialisation they must not kill what is already in existence.

Your Plant is now equipped with a modern and up to date Research Laboratory which has been set up in the new premises specially constructed for the purpose. A Pilot Plant also has been ordered out and is expected at the Site by the end of this year. With the establishment of the Research Laboratory and the Pilot Plant the Company will be completely equipped for conducting experiments and researches on the various kinds of pulp and other raw materials. It will also help us considerably to be in line with modern scientific development in the methods of production of Rayon Yarn and other Synthetic Fibres.

You will recall that in the Chairman's Speech delivered last year, a reference was made to the role of risk capital in the starting of new industries and a hope was expressed that the sacrifice made by such investors would be amply rewarded in due course of time. I am glad that our expectations in this regard resulting in the Company being able to declare a maiden dividend on Ordinary Shares, have materialised.

Before concluding, I would like to express my appreciation of the excellent work done by the workers and the Technical and Non-Technical staff of the Company, but for whose loyalty, sincerity and hard work, it would not have been possible for the Company to achieve the excellent results that they have been able to obtain.



Calling at :-
PORT SUDAN, PORT SAID, ALEXANDRIA, LONDON, LIVERPOOL, DUNDEE, ANTWERP, ROTTERDAM, HAMBURG, BREMEN, SCANDINAVIAN and OTHER PORTS.

Our Fleet :-
S. S. INDIAN PIONEER S. S. INDIAN ENDEAVOUR
S. S. INDIAN TRADER S. S. INDIAN EXPORTER
S. S. INDIAN SHIPPER S. S. INDIAN NAVIGATOR
S. S. INDIAN IMPORTER S. S. INDIAN MERCHANT
and other Steamers

INDIA STEAMSHIP COMPANY LIMITED

Managing Agents:- LIONEL EDWARDS LTD.
D-I, CLIVE BUILDINGS, • CALCUTTA-1.

STAND SOLIDLY BY INDIAN MERCHANT MARINE

NAS 851



It's time you realised..

that after a certain age you will have to retire and your age will keep any profitable occupation away from you.

In which case, would your savings be sufficient to enable you to enjoy a comfortable retirement?

Or would you regret that you did not put by enough when you had the strength and the means to do so?

Think now and choose your future. The Bombay Mutual agent will be glad to show you how you could draw a neat regular income when you retire!

THE **BOMBAY MUTUAL** LIFE ASSURANCE SOCIETY LTD.



Bombay Mutual Building, Hornby Road, Fort, BOMBAY 1.

EVERY POLICYHOLDER A SHAREHOLDER

BRANCH OFFICE: Connaught Place, Post Box No. 357, NEW DELHI.



This new process which is used only by Firestone, has been proven in the laboratory, on test fleets and in such world famed speed events as the Indianapolis race. Super Gum-dipping gives up to 60% stronger cord body to resist impacts; protects against bruises, separation and the effects of heat.

INSIST ON Firestone THE ONLY
Super Gum-Dipped Tyre
AND GET MORE MILES PER RUPEE

THE PUNJAB NATIONAL BANK LIMITED

The following is the summary of the speech delivered by Shri Shriyans Prasad Jain, M.P., Chairman, The Punjab National Bank Ltd., at the 107th Ordinary General Meeting of the shareholders held on the 14th April, 1954 at the Head Office of the Bank, at 8, Underhill Road, Delhi.

The Chairman stated that the working of the Bank during the year 1953 had resulted in profits amounting to Rs. 41,78,961, including Rs. 1,92,604 brought forward from the accounts of the preceding year. These profits were higher by Rs. 2,32,655 than those of 1952 and Rs. 7,05,811 than those of 1951. It was gratifying to note that notwithstanding the general trend of declining bank profits in 1953, the working of the Punjab National Bank had resulted in relatively higher profits. The paid-up capital of the Bank remained unchanged at Rs. 87,50,000, while over Rs. 1 lakh had been credited to the Reserve Fund raising it to Rs. 90,00,000 at the close of the year. The deposits of the Bank were Rs. 65.31 crores at the close of the year showing an increase of Rs. 6.37 crores over the figures of the preceding year as against the total increase of 3.94 crores in case of all other scheduled banks (from 2-1-1953 to 1-1-1954). The working capital of the Bank stood at Rs. 79.78 crores on 31-12-1953 and this showed an increase of Rs. 5.79 crores and Rs. 12.26 crores over that of 1952 and 1951 respectively.

Not only deposits, but the number of depositors too had substantially gone up. The percentage increase in the number of depositors for the year ended June, 1953 in case of this Bank was 4.8 as against .94 in case of all other scheduled banks. Out of the total number of accounts with all the scheduled banks, nearly 12 per cent were in the books of the Punjab National Bank.

The Chairman of the Bank pointed out that a study of the Balance Sheet of the Bank would reveal a strong liquid position of the Bank. Assets of the Bank in cash, bank balances, money at call and short notice and investment in Government and Trustee Securities amounted to Rs. 42.72 crores which was equivalent to 65.41 per cent of the total deposit liabilities of the Bank, the bills discounted and purchased amounted to Rs. 3.59 crores. The liquid assets of the Bank thus amounted to Rs. 46.31 crores being 70.9 per cent of the Bank's deposits. In case of all the scheduled banks the percentage of liquid assets to deposits came to 57.25 per cent. The increase in the deposits of the Bank during the year under review led to the increase in the investments of the Bank by Rs. 7.45 crores and in the Bills Discounted and Purchased by Rs. 1.1 crores as compared to the figures of 1952. Foreign Exchange business of the Bank grew considerably in volume during the year. A reference to the item of "Acceptances, Endorsements and other obligations" would reveal that the amount under this head had increased from Rs. 1,92,36,386 on 31-12-1952 to Rs. 2,68,46,663 on 31-12-1953. In order to improve the exchange facilities offered by the Bank to the public the Bank had reorganised the Foreign Exchange Department at the Head Office and had entered into reciprocal arrangements with a number of important exchange banks of the world. The foreign exchange services of the Bank could, therefore, be favourably compared with those offered by any other major Indian bank or foreign exchange bank operating in India.

The Bank placed 37,823 lockers through its 83 offices at the disposal of the public and this facility proved of great value and utility to the customers.

The Chairman stated that the Bank had under consideration a scheme for opening a Training College at the Head Office for Officers and clerical staff to impart training in the latest techniques of banking routine and administration and to improve their ability and efficiency. Accounting machines had recently been introduced in the Central Accounts Department at the Head Office of the Bank resulting in speed and efficiency. If our currency could be adapted to centesimal system, mechanization could be more successful. Under this system a lot of time wasted in adding, substracting and multiplying odd units as annas and pies would be saved.

After a general review of the economic and political situation in India and abroad, the Chairman especially mentioned the improvement in food and industrial production at home and stated that there were still many economic problems in the country awaiting solution. Banking, which had such a vital role to play in solving the economic problems of the country, was itself suffering from several handicaps. The lack of harmonious relations between the workmen and the managements was proving a great obstruction in the efficient administration and in the progress of the Banking institutions. He regretted to observe that the labour laws and awards instead of improving the situation had multiplied the difficulties of the Bank so much so that under the present law an employer could not discharge, dismiss or otherwise punish a workman even for 'gross misconduct' not connected with the dispute pending before a Tribunal, Conciliation Board or Conciliation Officer. This unsatisfactory state of affairs could not prove conducive to the growth of discipline and efficiency among bank employees. He, therefore, pleaded that Section 33 of the Industrial Disputes Act and Section 22 of the Industrial Disputes (Appellate Tribunal) Act should be suitably amended as to empower the employer to appropriately deal with an employee for misconduct not connected with the dispute. Such rigid regulations could not but harm the interests of those whom these claimed to protect. Branch banking was not developing. Smaller offices had become uneconomical to run while new offices at smaller towns and rural centres could only be run at a loss. In 1949, the number of offices of all banks including those of non-scheduled banks was 4,441. In 1950, 1951 and 1952 the number continued declining to 4,353, 4,140 and 4,061 respectively. This affected the over-all position of employment in the country to some extent.

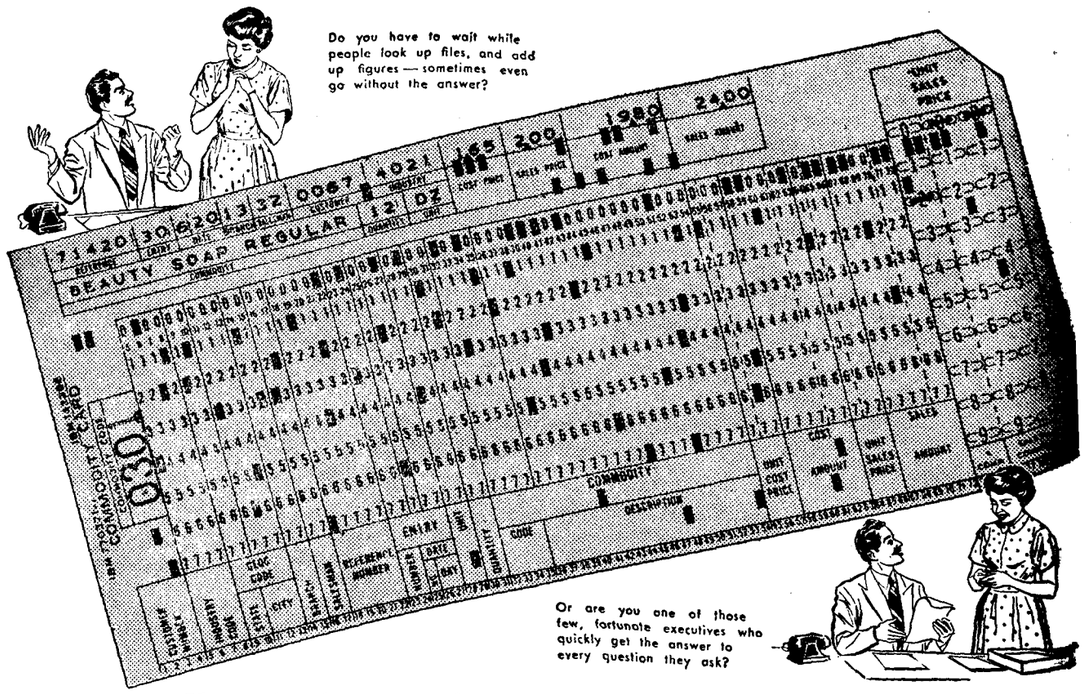
The Chairman asserted that the paucity of banking facilities in the rural areas was mainly responsible for the large amount of funds lying idle there..... These were being wastefully spent and were not being utilized for the development of the country. He pointed out that the ratio of the bank deposits to the currency in circulation was low in India as compared with other countries. This was because the public was not bank-minded. More money with banks would ultimately mean greater investments in Government Securities and more loans to commerce and industry. The Chairman suggested that efforts had, therefore, to be made to increase public confidence in the banking structure of the country.

He further referred to the appointment of Shroff Committee on 'Finance for the private sector', the report of which was being anxiously awaited. He stated that if the agents of the Reserve Bank of India could provide liberal remittance facilities and if Imperial Bank of India could accept cash in any tenderable form especially small notes and coins without limitation it would help the banks to work with smaller cash balances releasing spare funds for financing trade and industry.

Shri Jain made another useful suggestion for providing and improving storage facilities for food grains

so that waste on account of pests, insects and moisture etc., could be eliminated. This would help the agriculturists in being able to secure accommodation against their produce. In such circumstances the bank could extend their activities in rural and semi-urban areas and help enlarging the basis of credit. Such warehousing facilities could be provided through co-operative efforts or by commercial banks assisted by loans or subsidies by the Government. Receipts of recognised warehouses could serve as security for loans from banks.

In the end the Chairman appreciated the hard and good work done by Shri B. N. Puri, General Manager of the Bank, in improving the work of the Bank. He also complimented the members of the staff for their loyal and conscientious services rendered to the Institution. He thanked the constituents of the Bank for their continued patronage. And lastly he expressed his gratitude to the Local Directors, Local Advisers and Directors of the General Board for their co-operation.



IBM Electric Accounting

can increase your business efficiency

When you ask a question, you want the answer soon and you want it *right*. You'd probably agree that quick, accurate answers could save your business a lot of money.

That is why so many organisations rely on IBM Punched Card machines — because they give you, at a moment's notice, all the facts and figures you need.

Not only for 'big business'

Almost every business, large or small, can benefit from IBM accounting. Though varying considerably in their functions and capacities, IBM machines have a single basic characteristic — the ability to save time for the businessman in meeting the complexities of modern business.

Better still, each IBM installation is fitted exactly to your needs — there is no such thing as a 'standard' IBM setup. Experts study your individual problems, and submit a plan for your approval. The enormous flexibility of IBM machines ensures that the final system is tailor-made to your requirements.

IBM Service

Delivery of any IBM equipment marks the *beginning*, not the end, of our customer relationship. For along with the equipment, IBM provides — on a continuing basis — for its maintenance, for training and instruction of operators and supervisors — all the things, in fact, that help the customer obtain maximum value from his IBM equipment.

Saving time in 79 countries — 30 languages

Billing • Payroll • Statistics

Stores Accounting • Accounts Receivable

Financial Statements • Cost Accounting, etc.

For the smaller business

IBM Service Bureaus, located in principal cities, bring the advantages of high-speed, versatile IBM Punched Card Accounting within the reach of almost any business. IBM Service Bureaus are staffed by experienced personnel, and equipped with the latest IBM electronic and electric machines. All work is performed on a confidential basis. The cost is modest.

IBM World Trade Corporation

(Incorporated in U.S.A with limited liability)

Kasturi Buildings, Jamshedji Tata Road, Bombay 1.

Branches: Calcutta – Madras – New Delhi.

IBM

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525 2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721 6	434.6	..	..	..	..
1952-53 ..	357.9	437.1	343.8	371.3	614.3	380.6	..	..	..	..
May 1953 ..	382.0	477.0	360 0*	369.5	619.8	397.4	90.6	100.4	86.8	94.6
June ,, c ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	94.4
July ,, c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441 4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	..	..	..	..	..	..	..	..	..	..
Week Ending										
6-3-1954 ..	367.3*	459.9	355.7	371.3*	685.2	391.3	90.4	101.5	88.0	103.3
13-3-1954 ..	368.9	468.7	354.7	372.6*	686.1	393.3*	90.4	101.5	87.8	102.3
20-3-1954 ..	371.3	459.8	355.6	375.7	686.3	394.0	90 4	101.4	88.0	102.3
27-3-1954 ..	378.0	461.4	357.2	375.8	690.0	396.8	90.4	101.4	88.1	102.6
3-4-1954 ..	..	..	..	..	..	..	90 6	101.4	88.3	102.9

c Average of weeks. *Revised.

†Economic Adviser's Series. ††Reserve Bank Series.

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†
							Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	387	147	351	147	156	..
1953 February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	141
1954 January	346	363	269	139	325	442	377	—	353	—	—	—
February	—	348	257	139	316	432	—	—	353	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	11-4-1954			4-4-1954			27-3-1954			20-3-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	95- 6	91- 4	93- 9	91- 6	89- 6	90- 7	89-10	87-14	88-15	89- 6	88-15	89 3
Silver (per100 fine tolas)	173-14	169-15	171-11	169- 3	167-10	168- 8	168- 9	165-13	167- 1	166-11	163-13	164-15



Another PAA exclusive...

THE *Sleeperette** SERVICE

An innovation in air travel comfort

Pan American's Sleeperette Service is the ultimate in air travel comfort—meets the needs of overseas flights as never before. Pan American will shortly extend the Sleeperette Service on all flights serving India.

Your Sleeperette lounge chair has double the usual leg room . . . at the touch of a button it extends to full bed-length. You are supported restfully from head to foot while you relax in confidence, and enjoy a good night's sleep aboard the world's most experienced airline. And remember, the Sleeperette *costs you no more!*

Only Pan American offers you Sleeperette comfort.

- **The Sleeperette lounge chairs are scientifically engineered for your comfort.**
- **Foam-rubber cushions give your body curves restful support.**
- **Adjustable leg-rest suits your size.**
- **Costs you nothing extra.**

Let your Travel Agent arrange your trip—his services are free! Or call Pan American in

Calcutta: 42, Chowringhee Tel. Pk. 2078, 2079 New Delhi: Imperial Hotel Tel. 4012
Bombay: Taj Mahal Hotel Tel. 35304 Madras: Connemara Hotel Tel. 85647
Karachi: Victoria Road Tel. 6061

Sleeperette is exclusive with

World's Most Experienced Airline

PAA
PAN AMERICAN

PAA 12

*Trade-Mark, Pan American World Airways, Inc.

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

28 APR 1954 MADRAS GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 17. NEW DELHI: APRIL 23, 1954. ONE RUPEE

CONTENTS

	Page
LEADING ARTICLES :	
SOUTH-EAST ASIAN DEFENCE ..	665
THE PLAN: PROMISE AND FULFILMENT	667
FIFTY YEARS	668
THE WEEK'S NOTES	669
Fair Weather for Finance Bill; Bhoodan Yajna—Programme to Philosophy; Misunderstanding on Kashmir; Naguib's Short-Lived Victory; Election in Honduras; Nilokheri Rehabilitated.	
WORLDGRAM AND NEWS IN BRIEF ..	673
WINDOW ON THE WORLD:	
Odysseus on "Capitalism and Socialism: An Up-to-Date Reading List"	677
BOOK REVIEWS	679
A DELHI DIARY :	681
SPECIAL ARTICLES :	
SURPLUS FOR THE STERLING AREA ..	682
FOOD DEFICITS IN SOUTH-EAST ASIA	683
THE BUSINESS WORLD :	
Trouble for Tobacco	685
Erosion in Steel Plants	685
BUSINESS NOTES	688
Indian Airlines Corporation; Supply of Quality Jute Seeds; Further Relief for Art Silk; Non-Ferrous Sheet Rollers; Sparking Plug Manufacture; Indian Dyestuffs; Industrial Finance Corporation; Plantation Inquiry Commission; Kanpur Textile Industry; Indo-Finnish Trade.	
COMPANY AFFAIRS	691
COMMODITY NEWS AND NOTES ..	692
CURRENT STATISTICS	695

South-East Asian Defence

TO Indo-American relations under strain there has been added this week another hammer-blow. When, on April 13, it was announced from London that Britain and the United States were ready "with other interested countries to examine collective defence arrangements for South-East Asia and the Western Pacific", Indian opinion was a little incredulous that a decision of this magnitude could have been taken without any consultation whatever with Asian countries. It has now transpired that the British High Commissioner in New Delhi informed the Government of India of this agreement between Britain and the United States, but India's views, even if available in routine diplomatic exchanges, are not apparently to alter the decision reached. It is natural that this studied neglect of Asian opinion should have aroused keen resentment. This resentment is shared in Ceylon which is keenly alive to the Communist menace. And now this South-East Asian Defence Pact has moved into first place on the agenda of the Asian Prime Ministers' Conference to be held in Colombo at the end of this month.

This is as it should be. Whatever view may be held on the imminence of the Communist threat in Indo-China, Asian opinion is united on the point that the nations of the West must be prevented from making

decisions which affect the people of Asia without democratic consultation and the fullest exchange of opinion before a final judgment is reached. If the Indo-China situation is desperate, South-East Asian countries could easily have been informed of the extent of Communist penetration, the volume of Chinese participation, and the need, in overall military strategy for the defence of South-East Asia, of Asian support for these proposals. At the present time, Asian nations have been confronted with a fait accompli, all too reminiscent of colonial days, with this difference only that orders are issued from Washington instead of from Whitehall. Irrespective of the merits of the case, no Asian nation is today prepared to be treated in this dictatorial manner.

Psychology is the essence of this matter; and self-respect, with nations as with individuals, is the centre of psychology. It is, perhaps, clear that India would have never agreed to this proposal, which, being a part of the American doctrine of global containment, is fundamentally opposed to the Indian conception of an area of peace without military entanglements on either side. The Indian reaction was possibly clear enough to make the results of consultation a foregone conclusion. But even when India's views are clearly on record, there was need, because of the importance of persuasion as an instrument of democratic practice, for the case for urgent action to be explained. While India's views on containment are clear, India's views on aggression are equally clear. The fact that even Britain has not chosen to explain in advance the reasons for this hurried action makes it clear that in military matters the Free World is going totalitarian. In place of the process of persuasion, it is employing the process of orders from above.

This serious error which has been made in psychological approach has certainly prejudiced the examination of the South-East Asian Defence proposals throughout this area. And yet, on the face of it, these proposals, always assuming that they do not lead to greater war than there already is in Indo-China, are an addition to the defence of South-East Asia and not a subtraction from it. The weakest point in Asian defence has always been in Viet-Nam, Laos and Cambodia. This was largely because this front had been specifically underwritten only by the French; and for the last twelve months, at any rate, the French have made it clear not only that they could not bear the strain, but that, aid or no aid, they were for pulling out. It may be that it is this very display of exhaustion by the French which has attracted additional Chinese help to the Viet-Minh. It is characteristic Communist policy to push in where probes have established weaknesses; there is, it is asserted, enough evidence to show that the recent strength displayed by the Viet-Minh was a sign that familiar Communist technique was at work.

This seems to have been the American argument for a new declaration of strength in this area. On the face of it, the abolition of weak spots in the Communist perimeter is a move for peace and not for war. It will be remembered that an attack came in Korea precisely because the Americans had left the impression that they were uninterested. Had it been known in advance that aggression would have met with the resistance that it did, perhaps it might never have taken place. Today, there is no doubt that the threat of powerful retaliation will hold both the Russians and the Chinese back. If there was nothing more than this to be said on the point, the Anglo-American declaration would not be suspect as it is. But it must be frankly admitted that, in at least two respects, it might have been more happily placed.

The first of these is in respect of time. There surely cannot be a more unfavourable opening to a grand, and a potentially valuable, Conference than this rattling of the sabre to overawe at least one of the parties at the Conference Table. The two Hydrogen Bomb explosions in the Pacific, also, it seems, timed to suit the occasion, have already established the military superiority of the Free World. Although the Russians have the Hydrogen Bomb, it seems clear from the records of the explosions which have taken place in the Soviet Union that in volume they are some way behind. The threat of retaliation was, therefore, not specifically necessary; nor, does it seem, was any large military establishment of the NATO type called forth so urgently. The suspicion cannot be avoided that the Western nations are placing themselves deliberately in a situation of bargaining strength, so that China will know that, if she proves intractable in any matter, bases immediately south of her can quickly be set in operation.

The other suspicion widely entertained in Asia may be even more wide off the mark, but it is even more widely believed. It is that from bases in Indo-China, the United States can, when it deems it necessary, launch an offensive war on the People's Republic of China. It is stated, therefore, that quite apart from completing the arc of military containment round the Communist countries to deter aggression, the new pact is capable of acts of specific aggression. It is quite otherwise with NATO. The military strength which the U.S.S.R. can deploy in Europe is so overwhelming that NATO cannot ever become an instrument of attack. All the indications are that it will have a huge and almost unmanageable problem to operate as a defence mechanism in the event of a Russian attack; it may hold the Russian armies only on the last line in France, if it holds a line at all on the continent. In South-East Asia the problem is different. From the soft under-belly of China which Thailand and Indo-China provide, it is physically possible for a strong offensive to be mounted. It is extremely unlikely that this will ever be done because it will, in view of the Sino-Russian military treaty, necessarily involve global war. Nevertheless, the potentialities of the two Defence organizations are not the same. NATO cannot be anything but defensive; this is not equally clear in the South-East Asian case. And the presence of K.M.T. troops in the Burma-Thai area certainly gives the People's Republic of China cause for concern.

For all these reasons, the problem of South-East Asian defence does not look as obvious as might appear at first sight. And, at least because so much needs to be explained, the headstrong manner in which action has been taken cannot be justified. On the other hand, we in India cannot afford to continue a policy of barren negation in controlling developments in this area. At the present time, it looks as if India counts as little in the counsels of the Commonwealth as it does in Washington and possibly the United States as a whole. It is necessary that we should protest when we are thus ignored, but surely it is the part of statesmanship to repair some of the fences which we have, in a somewhat reckless display of wrath, knocked down all around us. We can afford to learn from the mistakes of others as well as our own. As members of the democratic world, our statements of case must not anger but persuade. This is the time to ask ourselves, when our friends seem so few, whether we have not been in some small part responsible for their departure.

The Plan: Promise and Fulfilment

THE Finance Minister's reply to the debate last Saturday on the demand for grants to his Ministry brought to an end the annual process of parliamentary scrutiny of the working of the individual Ministries. The major issue that faced the Government and Parliament during these six busy weeks since the Budget was only one of effective utilisation of available resources for development expenditure according to the Plan. Because of the speculation connected with the Finance Minister's resignation, attention was focussed more and more on the question of financial control than on the performance of the individual Ministries and of the State Governments in preparing sound schemes on which expenditure could be undertaken according to the Plan. The Finance Minister, however, returned to the theme in his reply by declaring that it was "not so much a question of financial scrutiny, as the question of a thorough planning and formulation of schemes". While not denying that there was scrutiny, Mr. Deshmukh reiterated his conviction that it was only of the kind that could ensure full value for money spent without affecting progress.

There is no need to question this claim, but the debate on the subject will certainly not rest here. So long as there are unutilised appropriations, the theme is bound to recur and there is no reason to believe that most of the spending departments have yet reached the stage at which they can effectively plan their expenditure to reach the targets. Most of the Ministries have chosen to remain uncommitted on this subject of their administrative competence to keep pace with the Plan, presumably because recent events had thrown the onus on the Finance Ministry to prove that its procedure for scrutiny was not an obstacle. An exception was, however, provided by Mr. Nanda, the Minister for Planning, Irrigation and Power, who devoted the major part of his speech on the demands for his Ministry to proving the high percentage of expenditure incurred on irrigation and power projects, according to the Plan.

Mr. Nanda sought to prove that the expenditure on multipurpose projects in the first three years of the Plan would amount to 58 per cent of the total outlay contemplated on the four projects, and that with the proposed expenditure in the current year it would increase to 82.7 per cent in four years. There is always a certain element of uncertainty between the 'revised' figures and the actuals which may reduce these estimates of percentages in the final accounting, as it did in 1952-53. Even such shortfalls may partly be explained by the fact that the Plan had made a lump sum provision of Rs. 50 crores for increase in the expenditure on multipurpose projects, which may or may not be fully utilised, even if the schedule of progress is maintained. But it has been clear that in terms of construction schedules progress has not been maintained. Both in the Hirakud and D.V.C. projects there have been delays and confusion of command which have come to light in the inquiries that have been held on the working of the projects. But for these failures, there was reason to suppose that in respect of the multipurpose projects, work on which started long before the Plan, there would be sufficient progress even to offset the deficiencies in the other sectors on which planning of projects started much later. Despite also the fairly familiar techniques for the planning of multipurpose projects, there is still no assurance that any substantial part of the additional sum of Rs. 40 crores earmarked for the five new multipurpose projects would be utilised in the next two years. The beginnings on the Kosi and Koyna are almost nominal and the Krishna and Rihand projects cannot mature into real schemes for yet a considerable time.

The gap between promise and performance on the whole is bound to remain wide in respect of the multipurpose projects, even if it be less wide than in the other sectors. Of this gap between the revised and actual figures of 1952-53 of about Rs. 52 crores, a shortfall of Rs. 17 crores was under Railways, Rs. 9 crores under Irrigation and Power, Rs. 7 crores under the Production Ministry and Rs. 4 crores each under Community Projects, Transport and Rehabilitation. Mr. Nanda sought to show that actually Rs. 2 crores more was spent than was originally provided and that there was a surrender of only a supplementary appropriation of Rs. 3.5 crores. But it only proved the point that even in respect of these schemes which are well advanced, there is often a lag caused by administrative inertia and worse. It is of course true that in other spheres, the lag is even greater. For various reasons, but mainly because of the late start, the Community Projects Administration has been able to spend only Rs. 194 lakhs out of the target of Rs. 774 lakhs fixed till the end of September 1953. This is still a far cry from the total of Rs. 101 crores proposed in the Plan, including the National Extension Service. Of the total of Rs. 27 crores proposed for cottage and small-scale industries in the Plan, less than 20 per cent would have been actually spent till now. There is also a lump sum provision of Rs. 50 crores under Industry which is untouched, besides the expected shortfall in the outlay on the industrial schemes in the public sector. There are the other inevitable shortfalls in the social services, transport and communications.

In an assessment at the end of the five years, it may be still possible to say that Irrigation and Power and Rehabilitation projects were the quickest to absorb a rising rate of development expenditure. This overall result would not, however, hide the numerous imperfections in the planning of irrigation and power projects, particularly the major projects, which constitute the pith and substance of the Plan. The imperfections elsewhere will be less in evidence. The Railways have no declared programme of development in this Plan but only of rehabilitation and with a little more drive, it may yet be fulfilled. Sufficient importance has not been given to industry in this Plan because of this concentration on multipurpose projects as an item of top priority. The failure in this sector to maintain an uninterrupted rate of progress on the river projects will, therefore, be of graver import than the slackness elsewhere, which may be partly explained by the vagueness of the schemes, such as those for cottage industries. Considering that the other schemes for minor irrigation and scarcity works are still in an imperfect stage, the major river projects constitute the kernel of the Plan for the increase of food production and growth of new occupations. If indecision and delay in administrative control had not been present, there was no reason to believe that the technical aspects of these schemes would have presented serious difficulties.

More conclusive inferences can be drawn only when the actual expenditure for 1953-54 is known. If in 1952-53, the expenditure was only Rs. 271.18 crores, against the revised figures of Rs. 323 crores, clearly, it is difficult to accept yet that the revised figure of Rs. 413 crores for 1953-54 represents a probable rate of increase. If for the first three years, the total outlay on the Plan would not exceed Rs. 900 crores, it seems unlikely that it will be more than doubled in the remaining period.

Fifty Years

THE Golden Jubilee of the co-operative movement in India was celebrated last week-end in a markedly subdued manner. The absence of enthusiasm has not been an accident. After fifty years of non-official activity, sponsored and directed under official auspices, the movement today covers about fifteen to twenty per cent of the population. This number looks not unimpressive. In relation to it, even the target which has been set up by the Co-operative Planning Committee may look perhaps less impracticable than might at first be thought. But qualitatively, the achievement of the last five decades has not been proportionately as good. The number of first class societies is still lamentably small. Many, unfortunately, have not been classified at all. Enterprise which is out of the way, such as the co-operative spinning mill in Andhra and the sugar producers' society in Bombay State, is unfortunately all too rare. The contrast between the hopes and dreams, which prevailed at the turn of the last century, or the success in the Scandinavian countries on the one hand and the pedestrian progress of the movement in India on the other is too striking to pass unnoticed.

At any other time, this result might have been accepted by the country as being just inevitable. Indeed, for years after the Reserve Bank of India was established, and once it had discharged its initial statutory function of reporting on agricultural credit, there was in fact a disposition to let matters drift. But latterly, apathy has gone out of fashion. The importance which has been accorded to agriculture in the Five-Year Plan has on the other hand stirred the Government of India and the Reserve Bank again into action—for the targets of short, medium and long-term lending which have been announced in the Planning Commission's report have to be realised, if the investment under the Plan is at all to be fruitful. Renewed interest in co-operation is, therefore, not the accident which it seems to be.

This interest in recent months has been unmistakable. The Reserve Bank of India has, for example, been devoting itself for some time to the reorganisation or establishment of apex banks in the backward states. It has also reviewed the conditions on which credit is extended to these state co-operative banks; it has explained its policy much more clearly to the states; and a standing advisory committee on agricultural credit has been functioning for some time, so that the higher direction of policy is no longer, and has not been for some time, entirely bureaucratic.

As an earnest of its efforts to improve quality, the Reserve Bank has also sponsored the All-India Co-operative Training College in Poona, for whatever good it may be able to do; and above all, there have been two amendments recently to the Reserve Bank of India Act. These amendments now make it possible for the Reserve Bank to finance cottage and small-scale industries, to extend its support to all operations which are ancillary to agriculture, and to make long-term loans to state co-operative banks up to a period of five years. More evidence of state interest may be yet to come. There are bound to be suugestions, for example, for enlarging the scope of official support to the movement, when the report on the rural credit survey, which has been completed now by the Reserve Bank, appears in June. But already, it should be apparent, on the recent record, that the lukewarm attitude which prevailed in the years immediately before the war has given place to a desperate anxiety to do something.

The co-operative movement is waiting in short to be transformed at the present time into something which means much more to rural India than it has ever meant so far in the last fifty years. Three immediate objectives, in particular, can now be distinguished.

The first of these objectives is to raise the financial standing of the co-operative societies. So far, the audit classification of primary societies has been uniformly disappointing over the years, and a variety of excuses have been offered for this state of affairs, man-power problems being obviously the most important. Only indifferent success has attended the efforts so far to bring about a qualitative improvement with the existing scope of the movement, but this may be because not much importance was attached to this problem. It is also inexplicable but true that the co-operative movement seems to flourish in some areas and states, but not in others. But this again may be due to the fact that these letter states have not been sufficiently alive to the importance of rural credit or small-scale co-operative production. There is some reason to believe, however, that the Reserve Bank of India will hereafter be goading the state co-operative departments, big and small, into activity.

The second major aim of the field workers in the movement should be equally obvious at the present time. This is to derive the fullest possible advantage from the recent amendments to the Reserve Bank of India Act. Over and over again in recent years, those who have struggled with the problem of stabilising and preserving cottage industries have been driven to find the solution in co-operation. Whether it is handlooms, or coir, or tobacco, or sugar, the conclusion has been inescapable that the present attempts to develop these vulnerable sectors of the economy will be destined for a breakdown, unless some form of organisation of production can first be set up. Co-operation is the obvious solution—as in the case of handlooms. Fortunately, at the present time, the urge to do something in this direction is present, because cottage industry is so obviously in need of protection, living as it does from crisis to crisis. The incentives are also there, for the Reserve Bank is now ready at least to play a positive role in the exercise of its enlarged powers.

The third objective which is being kept in view at the present time is the replacement or regulation of indigenous banking. There are hopes that the forthcoming report on the rural credit survey will throw some illuminating light on this problem. Perhaps, also the Reserve Bank will take up again the consideration or rather reconsideration of the indigenous banker's position in the present set-up, so that the organised and unorganised sectors in the money market may be linked together in some form. Whether the Reserve Bank does all this, however, or not, it has been unexceptionable doctrine so far that the co-operative movement can and should extend itself at the expense of the three and half lakhs of indigenous bankers. Now that the apex institutions are being strengthened and are ready to give support to the primary societies, while the needs for agricultural finance will at the same time be increased manifold by the Plan, here for the first time there is an opportunity for the co-operative movement to try to recapture some of its early enthusiasm, and to fulfil the targets, if not of the Co-operative Planning Committee, then at least of the Five-Year Plan.

In this Jubilee year, therefore, feelings and opinions are somewhat mixed. There is the consciousness, first of all, that progress has fallen short of the earlier expectations. At the same time, notwithstanding all its critics, the movement has not been such a failure that it need be written off. This is the time for everyone to hope that it will yet justify the abundant enthusiasm, which can still be recalled, of the crusading pioneers.

THE WEEK'S NOTES

FAIR WEATHER FOR FINANCE BILL

With edges trimmed, the Finance Minister has set afloat the Finance Bill in fairer weather. The changes in the taxation proposals announced last month and the modifications now made are substantial. The manufacturers of soap, footwear and art silk, who expressed their grievances on the excise duties levied in the Budget, have now succeeded in securing modifications in the rates. The Finance Minister pointed out that 39 out of a total of 82 soap manufacturing units will be benefited by the exemption (from excise duty) of the first 25 tons of toilet soap and the first 125 tons of laundry soap cleared from a soap factory. In the case of footwear, the exemption has been extended to non-power-operated factories which employ up to 49 workers (instead of 19 workers before), thereby giving relief to 12 out of 76 units brought under excise control. The relief for art silk has been the largest, the duty now being only a third of what was proposed in the budget, and half of the modified rates announced last month. Mills employing up to 24 looms will now be exempt and the others will be given the option of commuting the excise into a lump sum duty of Rs. 22-8 per loom per month to avoid control and supervision of their operations.

The only exception to the Finance Minister's allround generosity is the consumer of betel nuts. The Finance Minister has convinced himself that the consumer is splitting the additional customs duty on betel nuts (of Rs. 33 per maund), with the middleman. The increase from ten annas per lb. to seventeen annas—an increase of nearly 70 per cent—would otherwise have been unjustifiable; in any case, the impression has been unfortunately given that relief can come only as a result of organised protest.

The amendments to the Income-Tax Act are intended to extend up to 1956 certain concessions which would have expired at the beginning of this financial year. These are not controversial and the recommendations of the Taxation Enquiry Comission will be available on these matters before 1956. There is a new provision for exempting interest payable outside India to a non-resident on loans issued for public subscription prior to April 1, 1938. It appears that there was an oversight in making statutory provision for such exemption when the law was amended in 1939. But it is strange that the exemption granted by executive authority in 1941 in the middle of the war should have been continued until now without statutory sanction, even though the case for such exemption was not in doubt and only needed routine amendment.

BHOODAN YAJNA—PROGRAMME TO PHILOSOPHY

Bhoodan Yajna which until now was a programme of reform, has now matured into a philosophy of life. The Sixth Sarvodaya Conference, which opened on Sunday at Bodh Gaya, provided an appropriate centre for effecting a revolutionary change in its character. Bhoodan Yajna is in the authentic tradition of the Buddha who propagated there the message of peace 2,500 years ago. Acharya Vinoba Bhave has now decided to establish a school of synthesis (Samanvaya Ashram), as an international centre of culture where all religions could be studied. "We have a stupendous programme of synthesis" he declared "and it is difficult to say where Bhoodan will lead us to, but the experiment has to be launched". Later in the session, Acharya Bhave declared in clear terms that he wanted to keep the Bhoodan movement above party level as it was based on a moral conception and had nothing to do with power. That was an emphatic repudiation of the support offered by rival parties with a view to making political use of Bhoodan for enhancing party popularity.

While exhorting everyone with land to contribute to the Yajna, Acharya Vinoba Bhave has now proceeded far beyond the stage of assessing the strength of the Bhoodan movement in terms of land collections. "Now that our first resolution", he said, "to collect 25 lakh acres of land has been fulfilled, we should cease to think in terms of further resolutions for progress in figures of land collection. Now our resolve should be not only to maintain and accelerate the speed of this progress of revolution but also to see that in India there shall not be any landless agriculturist and that private landed property should become a thing of the past."

Mr. Jayaprakash Narain's resolve to withdraw from politics as ordinarily understood, in order to devote the rest of his life to Bhoodan work, was the outstanding event in this Sarvodaya Conference. Politics in India will to that extent be poorer; more so will be the Praja Socialist Party, though Mr. Narain will presumably continue to remain an ordinary member. The conflict involved in any close association with a party and with Bhoodan at the same time was realised by Acharya Bhave even at the outset; and Mr. Narain has in the main accepted this thesis. His party apparently differs on this issue. Acharya Kripalani has quoted Gandhiji for the view that politics is part of life and cannot be ignored, though it is polluted. It is, however, now clear that Acharya Vinoba Bhave had been disturbed only by the wrong objectives for which Bhoodan was sought to be employed, when, six months ago, he decided to dedicate himself to Sarvodaya.

MISUNDERSTANDING ON KASHMIR

The Pakistan Prime Minister's statement in Parliament on Kashmir was on the whole moderately worded. It was a lengthy refutation of the suggestion that Pakistan had sought U.S. military aid to force a settlement on India in the Kashmir dispute. But though Mr. Mohammed Ali deplored the Indian Prime Minister's "misunderstanding" of the nature of U.S. aid, he neither denied some of the statements attributed to him, which gave rise to that misunderstanding in India, nor exhorted others within Pakistan, who have interpreted the aid as a means of strength for settling the Kashmir dispute, not to do so. There will be no disposition to question Pakistan's desire to strengthen her defences—as she has all along been doing by devoting a high percentage of her budget to defence—in order to help international peace. But then, much would depend on what Pakistan would regard as threats to her defence or to international peace.

"Surely", Mr. Mohammed Ali declared, "if there is any threat to the security and peace of Asia, it arises not from the fact that Pakistan should want to strengthen its defences, but from the continuance of the Kashmir dispute which is poisoning the relations between India and Pakistan." There was always the danger that such interpretations would be stretched, to their logical conclusion, as they have often been, by the politicians of Pakistan. The suspicion has been strengthened by Pakistan's firmly negative attitude to the proposal for a no-war declaration. The question is now involved in a vicious circle. If at the meeting at Colombo the Asian Prime Ministers succeed in breaking the deadlock by discovering a new approach, it may be possible to resume the negotiations which had broken off abruptly.

NAGUIB'S SHORT-LIVED VICTORY

Gen. Naguib has once again been reduced to a figurehead by the revolutionary junta. It is not clear how much his recent illness contributed to reduce Gen. Naguib's capacity to retain the position which he had

won at great personal risk. The Revolution Council has undone much of the results of that victory, even before Gen. Naguib resumed his duties. Nearly 50 leaders of political parties who have held posts were debarred from assuming public offices for ten years. In effect, it meant that the political parties, whom General Naguib wished to restore to political life at an early date, would remain crippled, unless they could strengthen their popular backing. Obviously the Revolution Council is proceeding on the basis that the past records of the debarred men would act as a grave handicap in their seeking popular support to oust the military leaders.

Col. Nasser has taken over as Premier and Chairman of the Revolution Council leaving General Naguib as President. The new cabinet excludes the Ministers who had formerly supported Gen. Naguib and contains two more supporters of the Nasser group. The new Premier has declared that there will be no change in the original domestic and foreign policies of the Revolution Council, as they were known before the recent political developments. It is hardly possible to feel that this episode has ended here. All the reasons for which Gen. Naguib resigned once before now exist to compel him not to acquiesce in the present situation. Will he accept them now without demur? There has been a sameness about the exits and entrances of the characters on the Egyptian political stage that there should be no surprise if some of them are re-enacted with only differences on detail. It is a prospect which emphasises the uncertainty and the improbability of Egypt being able to face her problems—domestic or foreign—which depend on the resumption of normal life and activity.

ELECTION IN HONDURAS

British Honduras will experience its first general election on the basis of universal adult suffrage on April 28. Ordinarily, this dress-rehearsal of the democratic process in this small territory—before its has attained full self-government— should not create any special interest. With a population of 73,000 in an area of 8,867 square miles, this territory in Central America has been a centre of political disaffection, because of the affiliations of politicians of British Honduras with the "Liberal" party government in Guatemala. The inquiry conducted into allegations against Honduras politicians by Sir Reginald Sharpe resulted in proving the existance of 'contacts' between members of the People's United Party of British Honduras and the authorities or organisations in Guatemala; and also of financial assistance to the former. A broadcast talk in Guatemala is also said to have contained an exhortation for a revolt in British Honduras. The pro-Communist sympathies of the Guatemalan Government and its long-standing interest in securing control over British Honduras have necessitated this inquiry before the election.

If like the P.P.P. in British Guiana, the P.U.P. in British Honduras secures a majority in the election, it is extremely unlikely that it will be entrusted with the administration. This holding back of the proposed constitutional advance is a much better policy than the subsequent withdrawal which had precipitated a crisis in British Guiana. The election is now for a unicameral legislature composed of nine elected members, three nominated non-officials and three ex-officio official members. The creation of a 'Cabinet' or Executive Council composed of six (of the 12) unofficial members and three official members will be the next step. The working of the next stage of the constitutional advance would depend on the elections. The U.K. Government has already spent about a million and a half pounds on the development of communications and hopes to spend £800,000 on building up agricultural possibilities. Now that the strategic importance of such areas has been realised, greater emphasis will be placed in future on economic development.

NILOKHERI REHABILITATED

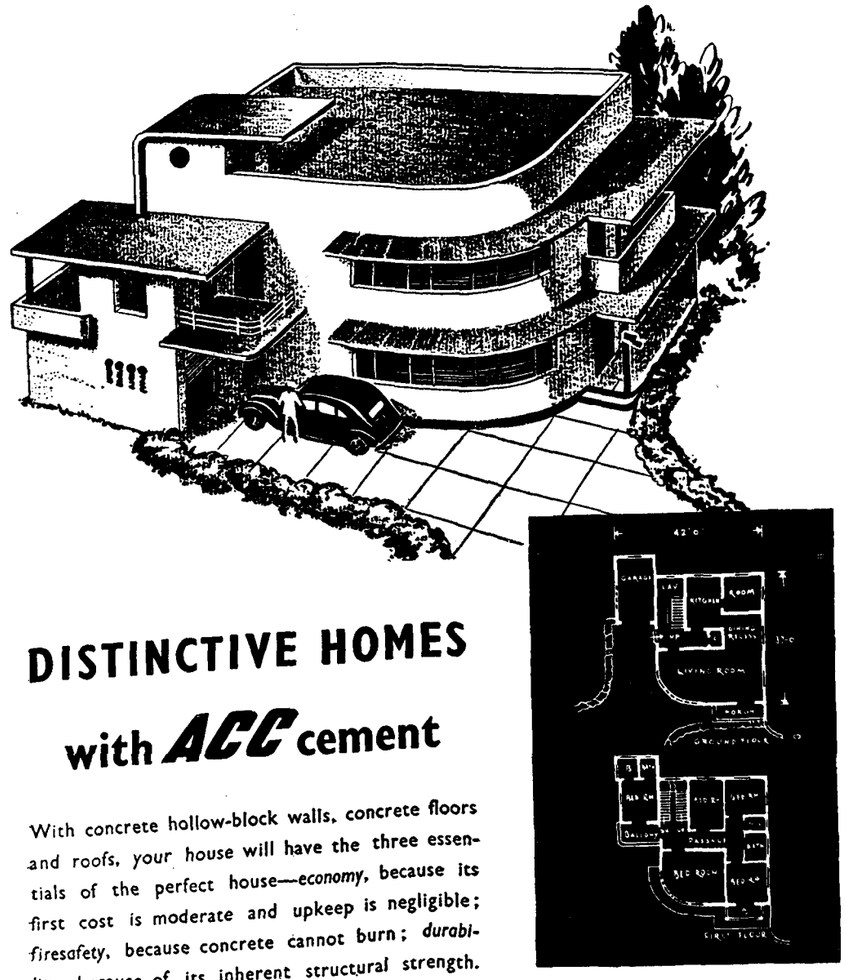
There has been assuring news from Nilokheri about the state of employment. The fall in employment in this township, built to accommodate displaced persons, was disconcerting and even discouraged the idea of increasing such townships. The latest review of the employment situation indicates that out of a total of about 1,500 adult employable persons, 1,230 have found gainful occupations within the township and some of the others have secured employment outside. This does not, of course, indicate the extent of under-employment, but the periodical surveys conducted in this township have shown the trend to be upward. From a peak of 1,355 in January 1952, employment fell to a low of 1,034 in August 1953, mainly because construction work within the township had come to an end and the ancillary industries depending on construction could support only half the number. It was an inevitable phase of technological unemployment which had to be faced.

The Nilokheri administration was transferred to the Punjab State Government at the beginning of this year and it has also been decided to start a community project in the area around the township so as to have a composite type of rural-urban project, with 130 villages attached. The Government has also located a Polytechnic and other important training centres. But there is still an artificial element in this special support to the township. The townships must be able to outgrow such special props and they can do so only when they integrate their life with that of the surrounding rural community.

IMPERIAL BANK OF INDIA

ADVANCES MADE AGAINST SECURITIES, BULLION, GOODS, ETC.

Local Head Office
CALCUTTA - BOMBAY - MADRAS
and Over 400 Branches and Sub-Offices throughout India, Pakistan, Burma and Ceylon.
London Office
25, Old Broad Street



DISTINCTIVE HOMES with ACC cement

With concrete hollow-block walls, concrete floors and roofs, your house will have the three essentials of the perfect house—*economy*, because its first cost is moderate and upkeep is negligible; *firesafety*, because concrete cannot burn; *durability*, because of its inherent structural strength.

For a copy of 60 DESIGNS FOR YOUR NEW HOME, write to the Concrete Association of India, 82/84 Queensway, New Delhi. Rs. 2/9/6, inclusive of postage.

The free technical services of the Concrete Association of India at 82/84 Queensway, New Delhi, are available on all problems of concrete construction.

ACC THE CEMENT MARKETING COMPANY OF INDIA LTD.
Sales Managers of
THE ASSOCIATED CEMENT COMPANIES LIMITED

SISTA'S CMI-163

How banking serves the SPICES INDUSTRY



There is tremendous demand throughout the world for pepper and cardamoms and South India produces the bulk of these spices. One-third of the entire world demand for pepper is grown between Karwar and Cape Comorin ; and in 1951-52, India's exports earned more than Rs. 27 crores.

Within the last ten years there has been a remarkable increase in cardamom growing, particularly in the South Indian states of Mysore and Coorg, and the districts of Madura, Tinnevelly, Malabar and Coimbatore.

The Indian spices industry has a happy future, and banking will naturally help to expand and improve it. The facilities and guidance of a good bank, such as the availability of ready funds when needed and the collection of dues from any part of the country, have become part of efficient organisation in every industry.

We at Palai are proud that many spice growers of South India employ the *complete* banking service we offer:

Current Accounts—Demand Drafts—Telegraphic Transfers—Investments—Letters of Credit—Bill Collection—Deposits—Loans & Overdrafts—Confidential Credit Reports, etc.

If you have business interests in the South, it will pay you to open an account with us. Our 24 branches are strategically located, 22 in important South Indian business centres and two in Delhi and New Delhi; and we have correspondents in all important Indian cities. We offer a fully comprehensive banking service at each office.

Our clients can make deposits at any of our correspondent banks, situated in all important Indian towns and have the amounts credited to their accounts at any of our branches.

ESTD. 1927

PALAI CENTRAL BANK LTD.

(Incorporated in Travancore-Cochin with Limited Liability)

Head Office: PALAI, TRAVANCORE.
Branches at: Madras, Cochin, Quilon, Trivandrum, Alleppey, Mangalore, Bangalore, etc. *Also at:* Delhi & New Delhi.

A LEADING BANK IN SOUTH INDIA

P.C. 9753.

WORLDGRAM

FINANCE

Foreign Investments Draft Plan Prepared: The Indonesian Government Committee, headed by the Auditor General of Indonesia, which had been assigned the task of formulating a policy for foreign investments in Indonesia, has completed the draft and submitted its report to the Government. The Committee, it will be recalled, was established after the Finance Minister outlined the policy for foreign capital investments before parliament, during the discussion on the state budget. This Committee was entrusted the task of formulating the policy in detail.

* * * * * * *

Trend of Holland's National Debt: The table below shows the amount of the Netherlands' national debt as at December 31, of the last four calendar years. The figures have been compiled from data supplied by the Netherlands' Central Bureau of Statistics.

(Millions of guilders as at December 31)

	1950	1951	1952	1953
Fixed Debt				
Domestic debt ..	8,419	8,763	8,360	8,785
Foreign debt ..	265	206	64	3
Floating Debt				
Domestic debt ..	13,768	12,219	12,109	10,389
Foreign debt ..	265	206	64	3
TOTAL DEBT ..	25,541	24,211	23,494	21,967

In these series the domestic fixed debt only has slightly increased, as a result of consolidation. The domestic floating debt has accordingly considerably diminished. Total debt, total domestic debt and total foreign debt all show a steady decrease.

* * * * * * *

Iraq's Second Five-Year Plan: The Iraq Development Board's four technical departments are at present studying projects for the development of irrigation, agriculture, road-building, bridge construction and industrialisation as the requisite for carrying out the second Five-Year Plan. A major project of the new Plan is the development of light industry and agricultural reform. The Plan is expected to cost about 250 million Iraqi Dinars for the five-year period. In addition to its own responsibility towards major projects, the Board annually subsidises other departments to carry out their own projects. The Iraq Development Board was established in 1950 to supervise the expenditure on development of a major portion of Iraq's oil royalties.

* * * * * * *

World Bank Interest in Development: The International Bank for Reconstruction and Development has urged industrialised countries to assist underdeveloped countries in their development. The President of the Bank Mr. Eugene Black, told ECOSOC that it was in the long-term interests of the industrialised countries to give such aid. He added that the Bank had a keen interest in encouraging a flow of private capital into productive enterprise in these underdeveloped territories. In the last nine months the International Bank had made 24 loans in 13 countries amounting to over $300 million. Mr. Black concluded with a reference to the recent mission to India, and expressed the hope that the Steering Committee in India would be able to conclude satisfactory arrangements for a Corporation so that the World Bank could assist it with a loan. Interest in forming a similar Corporation has been shown in Ceylon and consequently a mission had been sent there as well.

* * * * * * *

Greek Devaluation Reviewed: A United States Economic Mission in its review of the consequences of the devaluation last year of the drachma from 15,000 to 30,000 to the dollar reveals that there was an increase in value of Greek exports from $53 million in the second half of 1952 to about $72 million in the corresponding period of 1953. Industrial production went up by almost 40 per cent during the calendar year 1953, compared with 1952. The cost of living index for a worker's family in Athens rose by 25 per cent, and the local wholesale price index went up by 3 per cent.

TRADE

France to Ease Import Restrictions: It is reported an agreement has been reached in French Government circles to lift quantitative restrictions from 53 per cent of French imports from seventeen other members of the O.E.E.C. In relaxing the import quotas, a "compensating" tax clause has been attached which will act as a kind of customs duty on 17 per cent of the freed goods. These taxes will vary from 10 to 15 per cent depending on the product, and are designed to prevent certain imported goods from underselling similar products manufactured in France. It is expected that the percentage of imports free from restrictions will go up to 65 by November; to remain well behind the average figure of 75.7 per cent by which eighteen co-operating European countries have freed their trade.

* * * * * * *

Survey of Trade Handled by Foreign Firms: It is learnt that the Reserve Bank of India proposes to undertake a survey of foreign firms in respect of insurance and import trade of the country. The Reserve Bank of India has already undertaken a survey relating to freight and fare charges. As regards foreign trade handled by foreign firms, the survey was complete and the findings published in the Annual Report. The Government has no information regarding the amount paid as commission on brokerage and insurance to non-Indians in the foreign trade, but as transportation and insurance are largely in foreign hands and a major portion of foreign trade is handled through non-Indian banks, a considerable amount of money must be paid to non-Indians on this account.

* * * * * * *

Bulk Purchase of Rayon Yarn From Italian Firm: The Silk and Art Silk Mills' Association, Bombay, recently signed an agreement with an Italian firm for the bulk purchase of rayon yarn. The purchase covers part of the import quota for the licensing period Jan.-June 1954, valued at Rs. 1.86 crores. The Association, controlling 21,000 of the 25,000 power looms installed in the Art Silk fabrics industry, is expected to utilise about Rs. 1 crore of the total quota it has available, under terms of the present agreement. Last year, about Rs. 1 crore worth of rayon yarn was bought at an average price of 43d. per lb. Eighty per cent of India's rayon yarn requirements are imported from Italy, Japan, U.K., Holland and Belgium. There are at present 2,350 art silk fabric manufacturing units in the country, producing an annual average of 18 crore yards.

INDUSTRY

Petroleum Consumption in Australia: The Australian Ministry for National Development has released figures relating to the record petroleum consumption in 1953. Total consumption was 5,125,000 tons as against 4,987,400 tons in 1952. Motor spirit consumption rose by 7½ per cent from 670 million gallons in 1952 to 721 million gallons. Consumption of aviation spirit increased by one million gallons to 39.26 million gallons. Aviation turbine fuel consumption remained at 2.773 million gallons, and power kerosene at 75.70 million gallons, with 49.0 million gallons of lighting kerosene. Heavy oils consumption showed a slight decline from 2,231,213 tons in 1952 to 2,178,315 tons in 1953, which is attributed to the easy availability of coal and coal-fired plant.

Industrial Clay Deposits in Rajasthan: According to investigations conducted by the Geological Survey of India, about 544,000 tons of industrial clay are available in the Barmer district of Rajasthan. Three different types of clay are available: Bentonite, White Clay and Fuller's Earth. Reserves of Bentonite are estimated at 344,000 tons. Bentonite has found application in a number of industries such as oil drilling and refining, foundries, as a puzzolina in cement, etc. The Barmer Bentonite, particularly from the Akli and Thumbli deposits compares favourably with foreign Bentonite. The survey has recommended that efforts should be made to find use for the material in India and other nearby countries, particularly the Middle-East countries where it may be used for oil drilling and refining. The White Clay reserves are estimated at 100,000 tons. Tests at the Central Glass and Ceramics Research Institute show that this clay possesses good plasticity and is useful for the pottery industry. The reserves of Fuller's Earth are estimated at 100,000 tons.

AGRICULTURE

South-East Asian Countries to Improve Rubber Breed: Ceylon, Indonesia, Malaya and Indo-China, four leading rubber producing countries, have decided to co-operate on tree breeding in order to be able to meet U.S. synthetic rubber competition. Better yields would mean reduced costs. The Director of Ceylon's Rubber Research Institute announces that several promising plants have been bred. Under a pooling arrangement Ceylon will exchange 20 plants with each of these countries. Synthetic rubber production in the U.S. has greatly perturbed Asian rubber growers, and the fall in natural rubber prices has aggravated their fears.

* * * * * * *

Training of Gram Sewaks: The Second Conference of Principals of Extension Training Centres is to be held in Bangalore from April 22 to 24. In order to effect improvements in the programme of training multi-purpose village-level workers (Gram Sewaks), Principals will meet once a year to exchange and evaluate experience. The conference is to be attended by representatives of the Union Ministry of Food and Agriculture, the Community Projects Administration, the U.S. Technical Co-operation Mission and the Ford Foundation. The agenda includes discussion of (1) difficulties that village-level workers face in the field, (2) place of the lecture method in a job-related, problem-oriented approach to training, (3) training of women as village-level workers, (4) equipment at training centres, (5) award of certificates, (6) supplementary examinations for unsuccessful candidates, (7) desirability of holding seminars on community development, and (8) lectures on rural reconstruction.

INDUSTRY

Steel Foundry for Chittaranjan: It is reported that the Indian Government has agreed to release a sum of Rs. 2 crores from the Development account of the Locomotive project for the setting up of a steel foundry by the Tata Engineering and Locomotive Company. In a statement, Mr. T. T. Krishnamachari is reported to have stated that the Government had no proposals before it for giving any aid to the T.E.L.C.O. nor had any request for aid been received. The money proposed to be released was not from the Government Fund but from the Development Fund. It belonged to the T.E.L.C.O. and was being ploughed under an agreement between the Railways and the T.E.L.C.O. The Government are anxious that the steel foundry is established as early as possible to offset the lack of a heavy steel foundry. Neither the question of finance nor other difficulties would stand in the way of establishing such a foundry. Mr. Krishnamachari is reported to have stated in answer to a question, that it had been decided that there should be a T.E.L.C.O. steel foundry. If found inadequate for the purpose of the Chittaranjan works the Government would consider having another; until then the steel foundry at T.E.L.C.O. would be used by the Chittaranjan Loco Works.

MISCELLANEOUS

Subsidised Industrial Housing Scheme Grants: Grants totalling Rs. 25,55,050 for the construction of 1,032 tenements were sanctioned by the Ministry of Works, Housing and Supply during March. The West Bengal Government secures a subsidy of Rs. 10,98,000 for constructing 488 one-room multi-storey tenements under its Maniktala scheme. A subsidy of Rs. 6,80,400 and a loan of Rs. 7,09,150 have been sanctioned to the Mysore Government for 454 one-room and 50 two-room single-storey tenements at Rajajinagar, Bangalore. The Orissa Textile Mills Ltd., Calcutta, have been given a subsidy of Rs. 27,000 and a loan of Rs. 40,500 to build 40 one-room single-storey tenements near their factory at Chowdwar, Cuttack. In addition to the above grants, a loan of Rs. 4,81,511 has been approved towards the construction of 200 tements at Amritsar, 124 at Ludhiana and 58 at Batala by the Punjab Government, apart from the subsidy of an equal amount given for this scheme in December, 1952.

* * * * * * *

U.S. Awards Contracts for Research on Peaceful Uses of Atomic Energy: The U.S. Atomic Energy Commission has announced the award of 36 contracts to universities, research institutions and industrial laboratories in the United States for research on peaceful uses of atomic energy. The studies include research with cyclotrons, which are machines that produce atomic particles, and the effects of atomic energy on various metals. One study will measure the radioactivity of fossils of various geological ages and from various parts of the world. The scope of the studies illustrates the possibilities for peaceful uses of atomic energy.

* * * * * * *

All-India Services Rules: A conference of Chief Ministers of the State Governments to finalise draft rules and regulations framed under the All-India Services Act 1951 was to have met recently. The draft rules and regulations governing the Services including the Indian Administrative Services and Indian Police Service in respect of pay, emoluments, travelling allowances, leaves, provident fund, pension, compensatory allowance and retirement benefits, will be the main items for discussion at this conference. These draft rules were earlier circulated to the State Governments for their comments, and will now be finally thrashed out before a set pattern of uniform rules is formally promulgated. The All-India Services (Conduct) Rules and the All-India Services (Discipline and Appeal) Rules are among other subjects for discussion at the conference.

* * * * * * *

Youth Welfare Committees in Universities: The Central Ministry of Education has suggested formation of Youth Welfare Committees at each university and in towns where there are a number of colleges. The function of the central committee will be (1) to plan camps and projects for students' work on an inter-collegiate basis; (2) to suggest plans and supervise youth welfare work; (3) to consider the general needs of the students; (4) to consider the financial implications of the proposals for youth welfare projects and to recommend to the Central Ministry grants to area youth welfare committees, and (5) to organize a university social service corps with units in each college to take up campus and community work.

NEWS IN BRIEF

INDIAN

The course in statistics for trainees of the International Statistical Education Centre and the Indian Statistical Institute covering statistical systems, income, agricultural, industrial, transport and trade statistics, population census and national sample surveys recently came to an end.

* * * * * * *

Workers for training in different scientific subjects in Government laboratories will be selected by a Board consisting of representatives of the Director General of Health Services and the Institute of instruction and the Directors, Central Research Institute, and Central Drugs Laboratory.

* * * * * * *

The Government of India have decided to institute a Plantation Inquiry Commission to inquire into economic conditions and problems of the tea, coffee and rubber industries, and to investigate the amount of non-Indian capital, methods and costs of production, methods of financing and marketing, and the possibilities of development of these industries.

* * * * * * *

The Finance Minister stated in Parliament that no repercussions of the reopened London gold market were expected on higher-priced Indian gold because sterling area residents would not be permitted free purchases of gold in London. He added it was not intended to sell gold either to buy dollars or for other purposes.

* * * * * * *

Dr. S. S. Bhatnagar, Director of Scientific and Industrial Research, has been elected President of the International Committee on Scientific Research. This committee advises U.N.E.S.C.O. on progress of all scientific research having an international bearing.

* * * * * * *

During 1953, the Reserve Bank sanctioned about Rs. 23.94 crores to meet the requirements of foreign exchange, on account of Deputations (Rs. 0.11 crore); Foreign studies (Rs. 1.39 crores); Sight-seeing tours (Rs. 5.73 crores); Profits of foreign banks and firms excluding remittances of oil companies (Rs. 16.71 crores).

* * * * * * *

Some U.S. and European firms are reported to have approached the Indian Government in connection with the establishment of a synthetic oil plant in India. Though not included in the Plan, a sum of Rs. 10 lakhs is provided for in the 1954-55 Central Budget for obtaining project reports for examination by experts.

* * * * * * *

According to information from the I.L.O. office, 4,376 supervisors and 189 professional supervision trainers have been given instruction in training-within-industry conducted by I.L.O. experts under the expanded U.N.-T.A.A. scheme at institutes in Ceylon, India, Pakistan and Philippines. Courses in job instruction, job methods and relations, and training of follow-up officers were imparted.

* * * * * * *

The Kashmir Government has decided to abolish customs duties on articles imported from, or exported to India. Goods will be subject to octori duty according to weight. Motor spirit in petrol tanks is exempt, while subject to a levy of four annas per gallon when imported in any other form.

* * * * * * *

It is learnt that the Government of India are considering the institution of a Central Board for Cardamom after the All-India Spices Committee submits its report. A Centrally aided research station to improve cardamom gardens is also under consideration in Mysore State.

FOREIGN

It is reported that the production index figures for the cotton mills and cotton and linen weaving mills in the Netherlands are 96 and 87 for 1950; 104 and 99 for 1951; 102 and 102 for 1952; and 115 and 112 for 1953, respectively. (Production index base 1938=100).

* * * * * * *

The amount of rum consumed in the continental United States during 1953 amounted to 2,755,299 (wine) gallons. This represents a 6.8 per cent increase over 1953, and a 46.1 per cent rise over 1947.

* * * * * * *

The Philippine Senate recently ratified the International Sugar Agreement signed last August in London. It allocates the Philippines an annual export quota of 25,000 tons for the free market, in addition to its 852,000-ton United States quota.

* * * * * * *

Yugoslavia and Turkey have signed an agreement under which the two countries will exchange goods worth $80 million each way between April, 1954, and March 31, 1955.

* * * * * * *

Sir Ronald Adam, British Chairman of the U.N.E.S.C.O. Executive Board, announced that the Soviet Union had made approaches about joining U.N.E.S.C.O. So far nothing definite had been decided. The Soviet Union was a United Nations member and therefore could join the U.N.E.S.C.O. whenever she wanted.

* * * * * * *

A Ministry of Labour review of Britain's manpower position discloses that the strength of Britain's three fighting services and women's services was 844,000 at the end of February, compared with 873,000 at the same time last year.

* * * * * * *

Gold production in Transvaal and the Orange Free State last month reached a record value of 13,306,180 sterling. The previous record was 12,737,809 sterling in October 1952. Gold output for March was 10,74,162 ounces—the highest monthly production in eight years.

* * * * * * *

Indonesia recently became a member of the International Monetary Fund and International Bank for Reconstruction and Development. The articles of agreement with these organizations were signed recently.

* * * * * * *

Russia and Czechoslovakia recently signed a new trade protocol increasing the level of their exchange of goods above the 1954 trade agreement.

* * * * * * *

Legislation designed to enable the transfer of certain atomic data to U.S. allies in N.A.T.O. will allow the U.S. Atomic Energy Commission to co-operate with other countries and regional defence organizations in development of defence plans, training of personnel in the use of atomic weapons and the evaluation of the atomic capabilities of potential enemies.

* * * * * * *

Ceylon will receive Rs. 50 lakhs as aid during 1954-55 from Australia under the Colombo Plan. Half of this aid would be in the form of equipment for increasing irrigation facilities in Ceylon.

* * * * * * *

Two British banking experts, sent to India under the Colombo Plan; will help in the training of supervisory staff of commercial banks, in the first Indian training college for bankers, sponsored by the Reserve Bank of India. The college is expected to begin functioning shortly.

IOB

THE INDIAN OVERSEAS BANK LTD., MADRAS

Established 1937.

Subscribed Capital ... Rs. 50,00,000
Paid-up Capital ... „ 49,04,925
Reserve Fund ... „ 22,50,000

Branches in India, Burma, Ceylon, Malaya and Thailand.

FOREIGN CORRESPONDENTS AT ALL IMPORTANT COMMERCIAL CENTRES

For those who trade abroad The Indian Overseas Bank provides an efficient service through its own branches and a world wide system of Agents and Correspondents.

★ SAFETY LOCKERS: For those people who prefer to keep their documents and valuables etc. under their own private control, SAFETY LOCKERS of various dimensions are available at our Calcutta Branch.

1052-4

Your Best Buy
for the Long Pull...

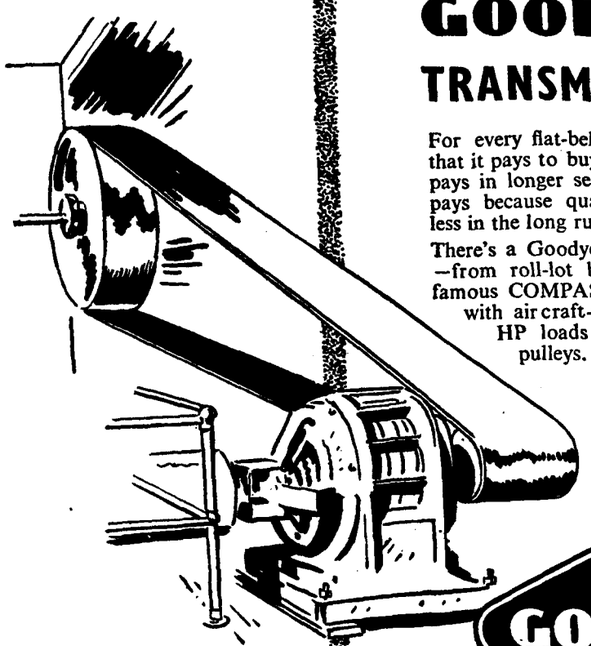
GOODYEAR

TRANSMISSION BELTS

For every flat-belt transmission drive, you'll find that it pays to buy and specify Goodyear belting—pays in longer service, pays in lower maintenance, pays because quality Goodyear belting costs you less in the long run.

There's a Goodyear construction to fit every need—from roll-lot belting for agricultural use to the famous COMPASS Steel Cable Belt that is bodied with aircraft-type steel cables to handle highest HP loads and cope with small, high-speed pulleys.

Ask us for help in belting your drives—and always insist on Goodyear transmission belting.



INDUSTRIAL GOODYEAR PRODUCTS

A Window On The World

CAPITALISM AND SOCIALISM: AN UP-TO-DATE READING LIST

By
ODYSSEUS

BEFORE I LAUNCH OUT on my promised discussion of the strengths and weaknesses of Welfarism, Capitalism, and Socialism, it is perhaps as well to remind ourselves that while the subject is vast, the amount of space that can be spared for us here every week is limited. This series cannot therefore be exhaustive; it must content itself with suggesting lines of thought to those whose leisure allows them no time for further study on their own. But those with more time may find useful a list of the books that I have consulted in the course of preparing these articles.

Far and away the most complete and up-to-date single-volumed discussion of economic theory in relation to the two attitudes of mind known as Capitalism and Socialism is "Capitalism" by Professor David McCord Wright of the University of Virginia, published in 1951 by the McGraw-Hill Book Co. The indebtedness of many of my arguments to his suavely reasoned pages will be apparent to all who give themselves the pleasure of reading him. Professor Wright inspires confidence by refraining from couching his thesis in the form of an attack on Socialism and a defence of Capitalism. Instead, he asks what are the economic problems that must be solved by any community desiring to raise its standard of living. What are the requirements of growth, (a) economic and (b) social? He then looks around to see if he can find a form of political and social organisation which fulfils the theoretical economic desiderata that he lays down. He decides that neither Capitalism nor Socialism fills the required bill, but he advances reasons to suggest that the weaknesses and imperfections of Capitalism are less than those of Socialism and offer hope of speedier progress.

For an up-to-date investigation into the actual application of Socialist theory in practice, "Problems of Socialist England" by Bertrand de Jouvenel, published in 1947 and then in a second and revised edition in 1949 by the Batchworth Press, London, is a first-rate piece of reporting by an objectively minded French economist who brings all his delightful national wit and gift for astringent aphorism to the subject. As Geoffrey Crowther, the editor of the "Economist" of London, says in his introduction: "In narrating and clarifying the particular problems of Socialist England, he casts a light on the crisis of Western democracy, on the problem of power as its effective exercise passes from the hands of an obligarchy, subject only to periodical electoral checks, to those of an as yet imperfectly educated, and inconsistently motivated, popular majority. For this majority he has nothing but sympathy and good will, and a guess at his politics would put them well to the left of centre".

FOLLOW THE SOVIET LEAD?

Next, I found that Bertrand de Jouvenel's 90-page "Ethics of Re-distribution", published in 1951 by the Cambridge University Press, raises (and to my mind satisfactorily disposes of) such important questions as: Is the re-distribution of income achieved by current theories of taxation a remedy for the social ills that we see around us? One of Bertrand de Jouvenel's most telling sections is a discussion of the effects of re-distribution of income by high taxation on the welfare of backward countries. He points out (as I illustrated from my own personal experience in "Middle Class Illfare" published in this column on April 16) that a policy of rigorous equalisation of gross incomes impairs the efficiency of those performing the higher functions in the state—those functions which demand greater individual expenditure in the way either of education or research or rest or relaxation, etc. This was rapidly perceived in the U.S.S.R.'s early days when after a brief spell of equality, inequality of incomes was re-established, and so sharply that the scale of remunerations is much steeper inside than outside the U.S.S.R. The Soviets saw that this was necessary because the difference in earnings must be sharpest where those performing the higher functions have no unearned incomes of their own. Secondly, and this is of special interest to us in India, Bertrand de Jouvenel agrees that scaling must logically be steepest where the social product per head is lowest. In wealthy countries, the gross national product is enough to meet easily the bare cost of both the higher and the lower talents and the balance may go to better the lot of the lower talents. But in poor or backward countries, the national product is insufficient to meet properly, over and above the cost of the lower talents, the cost of a desirable volume of higher talents. It is then likely to happen, as it has in the U.S.S.R. and as it did in India under the British (although the independent government of India has tried to halt the process), that the cost of this elite can be met only by stinting the masses, which steepens the scale and contrasts with the greater generosity towards the unfavoured that tends to flatten the scale in advanced countries.

I am delighted to find that so great an authority as Bertrand de Jouvenel supports an argument that I have advanced in this column on several occasions. I have repeatedly argued against the salary cuts imposed by the Congress party on Cabinet Ministers and on the unfortunate civil servants under their command. The saving in government expenditure is negligible and the addition to the sum available for re-distribution to the lower-income brackets is scarcely discernible even with a strong magnifying glass, but the drop in efficiency of the civil service is substantial and this does impose extra costs and burdens on the state, so that whatever sixth-place decimal fraction of benefit that the masses get out of these salary cuts is heavily countered by the lower standard of the public service. No regular reader of this column can charge me with undue affection for the bureaucracy, but fair is fair, and as we cannot do without a bureaucracy let it be the best that we can have. On the salaries, hours of work, responsibilities, prospects, and amenities now offered, men of outstanding ability are likely to be more attracted to business or to the bar than to the overworked and under-paid secretariats.

THE COST OF CIVILISATION

The more backward the country, the greater the need for productive talents to raise its standards, the greater the inducement needed to support these talents even at the cost of hardship to the masses. Politicians are frightened of this argument because they fear that the masses will be envious of any great and obvious disparity between themselves and their masters. This is a popular fallacy propagated by envious lower middle class types. I cannot at this moment recall any revolt of the masses against the conspicuous wealth of their masters. On the contrary, the peasantry of all countries have always enjoyed the splendours of the great. Were Pandit Nehru to accept these ideas he would not

need to do any propaganda among the masses of the electorate; he would need to concentrate on the lower grades of the urban middle classes, and he could to some extent disarm their criticism in a number of ways. But I cannot permit this interruption to the main argument to elaborate.

History reveals that what we have of civilisation was, in fact, bought at enormous cost: the elites from which we derive our culture were supported by sweated masses. Bertrand de Jouvenel argues that the Asian and African masses can only progress through investment in elites as well as investment in machines. The tendency is to try to provide such investments from foreign funds. But if Western capital ceases to be available, the choice is between sweating the equivalent out of the mass of lower incomes or doing nothing.

The Socialist, more concerned with future social welfare than with the preference of individual living beings, is prone to sweat investment out of the toiling masses and should therefore logically subscribe to that most effective form of investment: investment in the higher talents. Read de Jouvenel's book and see whether you agree with me that he has proved his point that progress is linked with the existence of elites, the production and upkeep of which are costly, and the incomes of which cannot be decreased without great social loss.

In addition, I have re-read for the Nth time Walter Eucken's superb 90-page essay "This Unsuccessful Age" (published in 1951 by W. Hodgeson) which for penetration and simplicity must be regarded as one of the master-pieces of this unsuccessful age. Among Eucken's valuable contributions to contemporary thought is his demonstration that full employment leads to central planning and a totalitarian type of society via repressed inflation, and that the worker has exchanged his pre-war insecurity of employment for post-war insecurity of his entire freedom. I must also mention Eucken's "Foundations of Economics". This, however, is not for a tired business man's leisure hour, but it should be compulsory for every professional economist who desires to check his theories with contemporary facts.

To anyone with a general acquaintance with elementary economics, I can unreservedly recommend the 86 suave pages of "The Economic Problem in Peace and War", (Macmillan, 1950), by Lionel Robbins, Professor of Economics in the University of London. I know of no economist who has a less doctrinaire approach, a more mellow charm of style, or who recapitulates the case for individualism with greater philosophic objectivity than Robbins.

Last but far from least, I have found most stimulating an essay entitled "Liberty, Equality, and Full Employment" by Honor Croome that appeared in "Lloyds Bank Magazine" for July, 1949. You have no excuse for missing this 19-page sketch of the current effect of "social justice" on the middle classes because you can, as long as supplies last, get copies free from Llyods Bank, Head Office, London, E.C.3.

I shall be referring frequently to these authorities, as well as to some others, in the weeks immediately ahead.

IN BIHAR

It's THE SEARCHLIGHT & PRADEEP

For years advertisers have consistently used the columns of THE SEARCHLIGHT (English Daily) and PRADEEP (Hindi Daily) to sell their products in Bihar. The reason is simple : no other paper can give such satisfactory coverage of the territory as THE SEARCHLIGHT and PRADEEP.

And Remember:

Bihar is becoming an increasingly prosperous market. The Five-Year Plan has allotted a sum of Rs. 57.79 crores for the development and improvement of the State's agriculture and irrigation, transport and social services. The efforts to raise the standard of living of the people are already bearing fruit. In Bihar, more and more goods and services are in demand now—a demand that will continue to increase every day. That's why *more* advertisers are today using *more* space in THE SEARCHLIGHT and PRADEEP than any time in the past.

CASH IN ON THE RISING BIHAR MARKET

Advertise

in

THE SEARCHLIGHT *(English Daily)* & PRADEEP *(Hindi Daily)*

PATNA

BOOK REVIEWS

ONE HUNDRED YEARS OF BANKING IN THE EAST

Realms of Silver: Compton Mackenzie: Routledge and Kegan Paul Ltd., Broadway House 68-74, Carter Lane, London, E.C.-4.: 25 sh.

The Chartered Bank of India, Australia and China has been wise to secure a writer of Sir Compton Mackenzie's eminence to tell the story of the Chartered Bank's first hundred years. The story has been dramatically told with possibly a little more romance than objective history will bear. But there certainly is romance enough in the founding of this powerful institution.

The story of how on the 9th of October, 1852, the "Economist" was able to announce 'one of the most important undertakings which has been contemplated for many years past' is brilliantly told, and, as is only to be expected, James Wilson is accorded the place of honour. One might have supposed, as the author observes, that such a substantial and reputable Court of Directors would not experience the least difficulty in obtaining a Royal Charter. Chapter II shows, however, how real the difficulties were. And apart from the difficulties of getting a charter, there was the problem of finding Managers in various countries. In spite of the fact that high hopes were held by the original promoters of possibilities in Australia, and the Bank has been specifically called the Chartered Bank of India, Australia and China, the Bank has never operated in Australia. In 1858, it was decided to make an arrangement with the Union Bank of Australia for the effective conduct in their respective territories for the mutual business of the two banks.

The story goes on varying somewhat in interest and moving away from the great personalities of the beginning to the spacious areas of the Bank in the order (each with a chapter to itself): China, Burma, Japan, the Straits Settlements, Indonesia, the Philippines, Siam and Indo-China, until we come in Chapter XIX to the First World War and in Chapter XXIII to the Second World War.

The book closes not without its note of pride. A paragraph on the dust cover puts this attitude concisely. "**Realms of Silver** describes the vicissitudes and triumphs of a venture which chose for its field of activity countries in which cataclysmic changes are now re-shaping world politics. It is a story that encourages us to believe that, notwithstanding the unprecedented transfers of sovereignty which have taken place throughout Asia since 1945, British endeavour in the East is nowhere at an end but everywhere in progress". Will history support this judgment without qualification?

AGRICULTURAL PLANNING

Agricultural Planning for Madras: By C. W. B. Zacharias: Madras University Economics Series No. 7: Price Rs. 10/-: (191 pp.).

The output of literature on planning is a growing one. Mr. Zacharias, who is Reader in Economics in the University of Madras, has attempted to indicate in this companion volume to his earlier publication on "Madras Agriculture" the problems of agricultural planning in Madras State. That explains the absence of some of the basic agricultural statistics. It would require special justification to deal separately with the planning of agriculture in any one State, when several of the problems are common with neighbouring States if not the whole of India. (The State has been divided since the book was written.) It would have been more appropriate to have a short and tidy volume in which the problems of agricultural planning are discussed in relation to the programmes actually put into operation in the Five-Year Plan in this State. Mr. Zacharias has, however, chosen to concentrate more on general principles though politics and economics have decreed that they have to be determined in a larger context.

For example, the author is convinced that the creation of economic holdings should be the objective and that concessions made on the ground of lessening the displacement of uneconomic holders should be avoided. Even if only half the number of cultivating owners of uneconomic holdings are displaced, would the State by itself succeed in creating other types of employment to absorb them? Would it not depend on the rate of economic development over the country as a whole? The author is quite emphatic that there should be a ban on acquiring new small holdings by the landless, that a holding should provide full employment and not merely a reasonable return, that a landless working force must continue to exist in agriculture as there is wage labour in industry. The assumption in each case seems to be that considerations of political feasibility must have a secondary place in view of the logically proved desirability of the goals. Elsewhere, in urging the necessity for parity of incomes, the author suggests that taxation of commercial crops should be the instrument by which food production can be kept up at or near present prices.

In many respects, therefore, the book is academic, —a word which in this country has come to be synonymous with unrealistic. There is too much theorising on administration, which in the last analysis should depend on the men and the training available. However, the main problems involved have been discussed in the book at great length and the printing and get-up have left nothing to desire.

COMMUNITY SCHEMES

Community Organisation and Development: Report of the Mission to South and South-East Asia: United Nations, December 1953: Price $2.50.

In pursuance of a programme of joint inter-agency surveys of community organisation and development in different regions of the world, the United Nations sent three missions in 1952-53 to three different regions—the Caribbean and Mexico, the Middle East and South and South-East Asia. The third mission, composed of Prof. H. Belshaw, Dr. John B. Grant and Mr. H. C. Chang, visited India, Ceylon, Thailand and the Philippines and its report is contained in this volume.

The object of the surveys was to investigate the role of Government in promoting self-help activities and the extent of public response and co-operation. The extent to which the United Nations and the specialised agencies could contribute to the successful working of the community schemes was examined by these missions, because they offer a field of activity for the U.N. Technical Assistance Organisation which will be within its limited resources and yet rewarding enough in the long run. Though the views stated here are of a general nature, they are highly instructive.



FOR BETTER SOCIAL SERVICES AND SOCIAL AMENITIES

Every little is needed to add to the nation's pool of investment — to finance the great development schemes to help build the Welfare State of tomorrow.

THE SMALL SAVINGS SCHEME grows and flourishes under a guarantee of absolute security.

WHY HAS IT GROWN because it fulfils an obvious and urgent need—it puts your money to work for your and the nation's good.

Invest in

NATIONAL SAVINGS CERTIFICATES	Rs. 150 for Rs. 100 in 12 years.
TEN-YEAR TREASURY SAVINGS DEPOSITS	3½% Interest paid annually and capital secured for 10 years.
POST OFFICE SAVINGS BANK DEPOSITS	2% Interest added on deposits upto Rs. 10,000/-. (on deposits up to Rs. 20,000/- in the case of joint accounts).

Interest earned is free of Indian Income-tax.

INDIA'S PLAN GIVES

More schools - More hospitals
More roads

For further information and/or rules governing these investments please write to the National Savings Commissioner, Gorton Castle, Simla-3, or the Regional National Savings Officer of your State.

A.C. 512

A DELHI DIARY

500 COUNTS!

UNTIL Wednesday this week I confess that I knew nothing about fine spinning. I received my education on Wednesday when, (awakening from a deep dream of peace!) I suddenly discovered that Phulmaya Devi of Navadar village in Bihar had made spinning history at the All-India Khadi and Village Industries Exhibition at the Ramlila Grounds in Delhi. Hitherto, I supposed that everything above 40 counts was fine, and anything above 80 was superfine, and anything near 120 was super-superfine. Thereafter my superlatives got exhausted, and I assumed, foolishly as I now see, that anything above 150's was just not practical spinning. Then straight out of the newspaper comes this story of a little, and quite unknown, woman from Bihar handspinning finer counts than were ever produced by the Dacca muslin weavers. The question is why she is doing this. In addition to Know-How and Know-When there has thus come about a new technique which I propose to call Know-Why!

I confess that I have been unable to discover why Phulmaya Devi does it, because I cannot see that it adds tremendously to her income. Who is there today (now that the Age of Privilege has been deliberately killed!) who will dare to display these ancient fineries? I have been more fortunate in ascertaining the Know-How, not that it still makes much sense to me. Phulmaya Devi says she uses *hemti* cotton which is grown on trees instead of using cotton from the small cotton plant. The cotton she uses is polished and glazed with the scales of fishes so that "the yarn just melts out of the cotton on the charka". But then the magic ends. The charka is an ancient wooden one without the slightest modern refinements which our mechanical Khadiwallas are so keen on producing. This is a lesson in craftsmanship. The theory that improved charkas do better than the ancient instrument has been disproved a hundred times in this Exhibition.

I should pay a tribute to those who have organised this Exhibition, which has been visited by 200,000 persons in just 18 days. It is literally the first time where the Khadi philosophy has been thrown into good perspective with the artistic gates and thatched constructions blending splendidly with the Khadi cult. It has been an education of great value to most of us, quite apart from the sudden appreciation that has come to us that there are people like Phulmaya Devi in the world, capable of displaying craftsmanship equal to the finest in our history. I should also mention an 11-year-old girl, also from Bihar, who spins 200 counts as if it is the easiest thing in the world!

VICTORY FOR ART SILK

I must reluctantly wend my way to Parliament. There, Finance in various forms (woven not very finely into every speech!) has made it a trying and exacting week. The Finance Minister has been good in debate, quietly dealing with financial control as if he had been pondering deeply over the subject for years; he has shown a readiness to accept the need for changes which has won appreciation in the House. But the House is not primarily interested in Finance matters when they are detached from a crisis. I noticed that the best applause that the Finance Minister received was when he announced further concessions in regard to the excise duty on art silk. It is all very complicated. The duty of one anna per square yard now becomes half an anna per square yard but there is, it seems, a handloom cess of a quarter anna per yard now which (by oversight, I expect!) was not there previously. Again, staple fibre will not be treated as art silk for purposes of excise duty. I am quite incapable of doing the sum myself. I readily accept the view, therefore, of the Central Board of Revenue that all these concessions put together will reduce revenue from this source from Rs. 1.6 crores to Rs. 75 lakhs. But has this Rs. 75 lakhs been worth all this trial and tribulation through which we have passed with demonstrations of all kinds in Amritsar and cries of anguish elsewhere?

M. CHRISTIAN BELLE

Friends of M. Christian Belle, at one time a most popular Counsellor of the French Embassy in New Delhi, have been happy that he was chosen as emissary of the French Government to assist Count Ostrorog in the negotiations on the French Settlements in India. It is stated that M. Laniel, the French Premier, has suggested a "compromise" solution. But apart from reports that it is a "compromise" solution, and that it is "less rigid" than the proposal to have a referendum, I regret to say that no illumination has been thrown on the subject. And I might say that the fact that this was a "compromise" solution emerged from Paris and not from New Delhi. Can it really be that the arrangements for secrecy are better in New Delhi than they are in the Quai d'Orsay? I take off my (metaphorical) hat to the Ministry of External Affairs. But will it not recognise that if all the news comes from Paris, Indian journalists on this job may be deemed a little redundant?

The Pondicherry and Goa issues are really live ones; greatly daring, I will say that I think that they are more alive than the Geneva Conference, or the Colombo Conference, or the South-East Asian Defence Pact. The reason for this is, I expect, that nationalism comes before internationalism. There is a widespread feeling here that, whatever the legal fictions, residents in Pondicherry and Goa are really Indian nationals, deprived merely by historical accident from association with citizens of the Indian Union. There may be differences on language (and (Prohibition!) but no one can really believe that these pockets, because of historical accidents, can really function apart from India. Most sensible people in India, who are anxious for a peaceful settlement, just do not see how this fails to be appreciated by the French or Portuguese Governments. Why do they not let an obviously natural solution take its inevitable course promoting in the process strong goodwill between themselves and the most important Asian nation in the Free World?

Having said that the Colombo Conference is believed to be less important than the problem of pockets, I am going to array myself against Indian public opinion by setting forth for Colombo next week. I, therefore, give due warning that this Diary next week will be written from Colombo; moreover it will not refer to any happenings in Delhi. Or, perhaps, I am wrong. The Prime Minister will be at Colombo, and his doings (by an attachment of persons to places!) are legitimately Delhi's doings. So that, it may be, that since Delhi's leading figure will be at Colombo, the Colombo Diary is strictly a Delhi Diary after all. I hope, however, that I have explained my own movements (in addition to the Prime Minister's—Ego et Rex!) and that there will be no charge of dereliction of duty, even if, due to journalistic delays, the Colombo Diary misses its connection!

ARGUS.

SPECIAL ARTICLES:

SURPLUS FOR THE STERLING AREA

BENEATH the mass of detail which is presented in the latest balance of payments white paper of the United Kingdom, a slowly emerging trend is now noticeable. The United Kingdom's balance on current account this year has been sizable. The dollar earnings of the sterling area have also been in balance, at a level of trading which is valued round about $2.3 billions either way, with a small surplus to the area's credit. These two developments are not only connected each with the other, but there is now increasing realisation that a surplus which can be invested usefully can normally be expected in Britain's balance of payments. A policy for the sterling area, which circumvents all the thorny problems like convertibility, the extension of preference, the hardening of the E.P.U., and a stabilisation fund, was needed as a short-term programme, and there is every evidence that this has now been realised.

The policy has now become more or less settled for the time being. It concentrates on two objectives, namely, increased investment within the British Commonwealth, so that the sterling area may become somewhat more independent of the American orbit, and the extension of the use of sterling, so that sterling will be more willingly held by those outside the sterling area, thus increasing the popularity of sterling and contributing, in due course, to closer links between all the countries which are outside the dollar area.

The United Kingdom's own balance of payments surplus is highly relevant to the realisation of these two objectives, for it is only a result of increased investment and development within the Commonwealth that the sterling area can maintain its balance and increase its freedom from the after-effects of the "hiccoughs of stock-taking" in the dollar area. Only the development of the Commonwealth will make sterling attractive to the rest of the non-dollar world; and it is only as a result of a substantial United Kingdom surplus being built up that this investment can be increased and the pace of Commonwealth development forced. The balance of payments white paper is particularly interesting as illustrating the emergence of a new policy, which takes full account of this need.

The table given below sets out the increase in Britain's overseas investment and in the sterling liabilities year by year from 1946 to 1953.

TABLE SHOWING THE UNITED KINGDOM SURPLUS OR DEFICIT ON CURRENT ACCOUNT AND THE DISPOSAL OF THE SURPLUS AND/OR THE FINANCING OF THE DEFICIT

(£ Millions)

	Surplus or Deficit	Overseas investment or disinvestment	Sterling Liabilities Increase—	Gold and Dollar reserve increase +	Other items	Cumulative result of cols. 3 & 6
1946	.. —298	—324	— 28	+ 54	nil	—298
1947	.. —443	— 21	—240	—152	— 30	—443
1948	.. + 1	+ 20	+174	— 55	—138	+ 1
1949	.. + 31	+378	—190	— 3	—154	+ 31
1950	.. +300	+ 86	—221	+575	—140	+300
1951	.. —385	+340	—338	—344	43	—385
1952	.. +255	+ 84	+346	—175	nil	+255
1953	.. +225	+207	—222	+240	nil	+255

It will be seen from this table that 1953 was a year in which there was sizable overseas investment financed from a current surplus. At the same time, the increase in sterling liabilities was balanced by an increase in the gold and dollar reserves. In other words, the United Kingdom has now been enabled to practise on a large scale its policy of creating a surplus for investment within the Commonwealth.

The fact that Britain's sterling liabilities have been increasing, while the additions to the gold and dollar reserves and the overseas investment have been taking place, has given rise to some disquiet. It cannot be right, it is urged, to borrow short and to lend long—which is what the present development will amount to, if we regard the rise in the gold and dollar reserves as something which in independent and has to go on. Borrowing short, however, is not necessarily bad; sterling liabilities can be increased safely at the present time, in view of the fact that they represent less than a year's expenditure by the foreign governments in the United Kingdom. Lending long is not necessarily bad either, if it increases the sterling area's ability to increase inter-sterling area trade.

The important question is not so much whether lending long is justified, as whether the projects on which money is invested are good. If they are, the sterling area is bound to become stronger; and sterling in consequence will be automatically more in demand, so that more countries will be willing to hold sterling. As the Economic Survey has pointed out, the demand for sterling has already become quite evident, if not pronounced. The troubles of sterling in the past have been due not so much to the fact that investment has been taking place, as to the fact that unwise spending and unwise investment, which do not result in increasing the sterling area's capacity to export, have so far been the rule rather than the exception. Now that investment projects are to be justified on merits, the situation need not any longer be regarded as dangerous.

In the light of the present well-settled policy of Commonwealth-wide investment 'a outrance', many of the ancient controversies can really be seen to be meaningless now in retrospect. Commonwealth investment was regarded with lukewarm interest so far, because authority was worried that too much investment in the rest of the sterling area would mean too little investment within Britain itself. Now it can be seen, in retrospect, that so long as Britain aspires for currency leadership, 'the dichotomy between the interests of the rest of the sterling area on the one hand and those of Britain on the other cannot be pushed too far. Also, at one time, the annual rate of increase in British national income, out of which ultimately investment is to be undertaken, could not be forecast with certainty. Even now, the average rate of increase of about 2½ per cent per annum in Britain compares not quite favourably with that in Western Germany; but there has been enough dynamism in British industry to justify some degree of optimism, and this year's balance of payments position confirms the optimistic reading of the future. Finally, as an unanswerable case, there is the need to develop the resources and income of the sterling area, so that in the event of the periodical crisis of stock-taking in the United States, the fortunes of the sterling countries will not be exposed in quite the same degree to what happens to the American economy; the risks, if any, which are involved in promoting high-cost production within the sterling area are being increasingly faced and accepted as the cost of this insurance.

The latest balance of payments white paper is chiefly noteworthy as indicating the existence of a suitable background against which reasonably optimistic policy on these lines, which avoids the many ticklish and controversial issues, can be tried over a *fairly long period* of time. To imagine that the troubles of sterling are over simply because Commonwealth development has now been put first will obviously be unjustified. The future of the sterling area in the E.P.U., although it improved considerably in 1953 is uncertain for example, as is the future of the E.P.U. itself. West German competition is also very keen at the present time. There is a temporary boom in dollar earnings because of offshore procurement and American tourist and military expenditure, but it is not clear how far these adventitious dollar earnings can be counted upon as being permanently available. But the troubles and uncertainties which still continue are minor on the whole and should not obscure the fact of considerable improvement. They need not be exaggerated, in view of the facts that the central reserves are growing, that the United Kingdom's own current surplus is being steadily maintained, and that Commonwealth development without mental reservations will hereafter be possible.

FOOD DEFICITS IN SOUTH-EAST ASIA

FOR the first time since the end of World War II, the countries of Asia and the Far East recorded levels of food production in 1952-53, which marked either a return to the pre-war average or an excess over it. This success, however, is not abnormal. The last crop year brought considerable improvement in all the areas of the world. But the improvement in Asia and the Far East was considerably below the achievements registered in other comparable backward regions of the world—Latin America and the Near East, to mention two remarkable instances.

The Asian and Far Eastern region, therefore, need not be regarded as having passed the point of vulnerability in the world perspective. It still forms the crux of the global food problem. Nonetheless, the critical phase is certainly over and, barring seasons of unfavourable weather or natural calamities, this region may look forward with confidence to better levels of food consumption in the future. Good weather and plentiful rainfall were, no doubt, the proximate causes of a good crop in 1952-53. But the higher levels of food production achieved last year constituted the cumulative outcome of sustained campaigns for greater output. In Burma, and to a lesser extent in Malaya, progressive restoration of stable and peaceful conditions has helped larger output. Planning for development has largely contributed to an organized drive for expansion in agriculture and its continuance is promised by the vigilance of special administrative agencies, which have been set up in most of the countries of the region. Thailand is a singular instance of a country which has a realistic plan of pushing up the rice export target above the pre-war average.

The progress achieved in expanded food production last year may be analysed in comparison with the pre-war average during 1934-35 to 1938-39 in the principal products of popular consumption. In all the subsequent discussion mainland China has not been included. The output of cereals as a class rose from the pre-war average of 103.5 million tons to 106 million tons in 1952-53. The production of rice, which constitutes the staple food in this category, increased from 65.5 million tons to 68.9 million tons. Pulses, next in importance, went up from 9.1 million tons to 9.3 million tons. Sugar recorded a similar marginal improvement of 300,000 tons to 6.9 million tons in terms of raw equivalent. Edible vegetable oils and oilseeds, measured in oil equivalent, improved from 3.71 million tons to 3.95 million tons. Potato and similar starch products, however, showed the highest increase in production from the pre-war 19.5 million tons to 25.9 million tons.

In absolute quantitative terms, the improvement in food production appears remarkable in each group of food crops. But an assessment in absolute terms is quite incorrect and misleading. Food production must be related to population growth. If this basic test is applied, the food position in this region emphasizes the persistence of deficits as will be obvious from the following table:

TABLE I

Indices of Food Production and Population in Asia and the Far East

(1934-38=100)

	1948-50 (Average)	1951-52	1952-53	1956-57 (Estimate)
Food Production ..	99	100	103	119
Population ..	120	122	124	131
Per Capita Food Production ..	83	82	82	90

Food production between 1948-50 and 1952-53 increased by 4 per cent in Asia and the Far East, but it is much below the impressive increases of 7 per cent and 16 per cent recorded by Latin America and the Near East. This comparison must, however, make appropriate allowance for the prevalance of adverse factors like political instability in Burma, Malaya and Indo-China, administrative dislocation in Indo-China, partition in the sub-continent of India, influx of nationals back into Japan from external areas of pre-war dominance in the Asian region and occurrence of natural calamities. The two regions selected for comparison were relatively free from such positive impediments.

The vital conclusion which emerges from this table is the slight decline of one point in per capita food production from an index number of 83 in 1948-50 to 82 in 1951-52. It is still 18 per cent below the pre-war average and it is of the greatest importance to realise that the pre-war average does not at all represent an adequate per capita output from the viewpoint of nutritive consumption standards. This gap between output and consumption is accentuated by the fast rate of the growth of population. Even on the assumption that the per capita food production target will be realised in 1955-56, a deficit of the order of 10 per cent will still persist. A breakdown of the targeted increases in different food components, on the basis of E.C.A.F.E.'s analysis, shows that the increase in total food production of 19 per cent in 1956-57 above the pre-war average will emerge from widely varying increases in individual groups. Edible oils are expected to go up by 18 per cent, sugar by 21 per cent, rice by 23 per cent, pulses by 30 per cent and edible roots by 38 per cent. These increases in overall food production, however, are cancelled out by a rapid population increase—31 per cent during the period which reduces the per capita regional output to a sizable deficit.

The magnitude of the food deficit in the years immediately following the end of the last war was so high as to compel reduction not only in consumption levels but in developmental imports by locking up substantial proportions of foreign currency in food imports. This strain is being progressively reduced. The size of that reduction, which is material from the angle of countries which have been traditionally deficit in food production, is brought out in Table II:

TABLE II

Food Imports of Deficit Countries of Asia and the Far East

(In thousand tons)

	1934-38 (Average)	1950	1951	1952	1953 (Jan.-Sept.)
Ceylon ..	558	723	693	688	515
Hong Kong ..	201	192	214	281	277
India ..	1,986	2,175	4,815	3,994	1,915
Indonesia ..	366	399	577	955	410
Japan ..	2,004	2,488	3,397	3,682	2,352
Malaya ..	618	628	683	632	565
TOTAL ..	5,732	6,605	10,379	10,398	6,033
Percentage Share of Rice ..	89	37	29	34	38

The changes in the levels of imports into the deficit countries of the region reveal noteworthy trends in the food position. It is not feasible to estimate the annual rate of imports from the figures of actual imports in the first nine months of 1953. But the inference is irresistible that aggregate imports in the last calendar year will be in excess of the pre-war average. These imports consist, for the major part, of rice and wheat which are the staple cereals in the order of importance. Of these two, rice is supplied almost wholly by the surplus countries of this region—Burma and Thailand. The growing food deficits in the post-partition years have converted this region from the position of a pre-war net exporter of food grains (2.7 million tons) to a net importer as shown in the table.

Japan and India are the leading deficit countries from the angle of actual quantities imported. Japan's deficit has been held to the present level by intensive cultivation, her yield per acre having been estimated to be three times as big as the regional average. She had to reduce her production target for 1956 from 2.59 million tons to 2.30 million tons, which underlines the limitations set by further scope for intensive cultivation necessitated by the compulsion of scarcity of land. Japan's chronic food deficits are a clear pointer that in the intra-regional trade she will offer massive competition to other countries in the export trade with the food surplus counries. Probably an outstanding trend is the dwindling size of rice imports in the coming years relative to the pre-war period. It implies rapid strides in domestic rice production. The rice surplus countries have now to adjust themselves to new price levels and to expend more resources on development of other export commodities to insulate their economies against sudden short-term fluctuations in the export market for food.

A HINDUSTAN TIMES PUBLICATION

INTERNATIONAL SHORT STORIES

A collection of 41 selected stories from among those entered for the recent World Short Story Competition and the national competition held in India.

This book contains those five stories which shared the world prize of $5,000, including the now famous Indian story "Cyclone" which won $800.

TWENTY-THREE countries of the world and all the major regional languages of India are represented.

* Full Cloth Binding — Attractive Jacket *
420 Pages — Price Rs. 8/-

POSTAGE EXTRA

THE HINDUSTAN TIMES
NEW DELHI

THE BUSINESS WORLD

TROUBLE FOR TOBACCO

The concessions recently announced by the Central Government, namely,

(i) a twenty-five per cent reduction in the excise duties in respect of all non-flue-cured varieties of tobacco and flue-cured varieties not used for cigarettes and

(ii) a reduction of the excise duty in respect of certain low-grade flue-cured varieties used for cheap cigarettes,

will result in considerable relief to the grower at a time when the prices of tobacco are extraordinarily depressed. Obviously, however, these concessions cannot go a very long way. This year's experience in Andhra should help to direct attention to some of the chronic problems of the trade, and it will be unfortunate if a temporary concession, applicable only to the pre-1954 crops, is not followed by more permanent measures.

Tobacco is not the only commodity in Andhra the stocks of which have accumulated this year. Onions and jaggery have also been plentifully available in relation to demand and the rice crop, of course, has been very good. There is a time-limit, however, within which tobacco becomes unfit for consumption. It can only be used as manure after some time and the lack of adequate storage on the one hand and the pressure of accumulating stocks on the other result from time to time in considerable fluctuations in prices which can profit no one except the middleman.

It is one way of looking at this problem to regard a four or five-year cycle in the tobacco trade as the inevitable means by which supply adjusts itself to the demand, so that nothing much can really be done about these fluctuations—at any rate in the short period. Another way of dealing with this problem will, however, be to try to organise the trade. Organisation, through the co-operative movement, if possible, must have the following objectives in view:

(i) the curing methods should be improved, so that the period for which the stocks can be held is lengthened,

(ii) the proportion of low grades of tobacco within the total production must be reduced—the ratio of 20 : 80 which prevails at the present time being obviously unsatisfactory,

(iii) the compulsory auction system in the yards set up by the Market Committees does not cover many big purchasers and many areas and, therefore, suitable marketing organisations should be set up in areas where marketing is unsatisfactory,

(iv) the grower of tobacco must be linked to a central organisation for marketing as in the case of the handloom industry. Towards this end, the Andhra State Tobacco Growers' Conference, which met in February, suggested, it will be remembered, the establishment of a Tobacco Finance Corporation with a capital of at least Rs. 2 crores.

One of the measures which can help the tobacco industry in the long run is a reconsideration of the system of taxation of unmanufactured tobacco. This system is related at present to the use which is made of the unmanufactured tobacco and to the import content of the mixtures, but it is not related to the value of the unmanufactured tobacco. The contention of the trade is that a taxation system which relates the excise even on unmanufactured tobacco more directly to its value may lead to a more balanced production. While this is obviously a matter on which it will be difficult to dogmatise, a reconsideration on the lines suggested will not be inappropriate after the Taxation Enquiry Commission has reported, for a tax system which varies the tax with the value of the tobacco will reduce, at least to some extent, the difficulties of marketing.

This brief enumeration of the problems of the tobacco trade should make two things at least very clear. The tax reliefs which were recently announced do not, in the first place, promise any permanent improvement in the coming years; on the other hand, the concessions have been intended only to recognise an existing situation, in which the value of the earlier crops has already declined and they are limited to these earlier crops. In the second place, very little attention has been paid so far to the marketing of tobacco. While this was all right so long as sellers' markets prevailed, the emergence of competition, especially that from American Virginia tobacco, makes it imperative that the State Governments should begin to consider the organisation of the trade in their areas and that they should not look upon this as the sole responsibility of the Centre—in the hope that tax reductions and price support, both at the cost of the Central exchequer, will by themselves be adequate for dealing with the situation.

EROSION IN STEEL PLANTS

By

CROESUS

Although I must admit that the leading article on 'Capital Return and Development' which appeared on page 468 of the issue of "The Eastern Economist" dated March 19, 1954, has stolen much of the thunder from the excellent statistical study on the 'Financial Trends in the Iron and Steel Industry' by the Association of Indian Trade and Industry, Bombay, I do not think I would be fair to the Association if, this week, I did not make a reference in these columns to the study in question. Full details of the study have only just been released to the Press.

The broad conclusion arising from an examination of the Financial Trends in the Iron and Steel Industry over a period of about 15 years—to be precise, from 1937-39 to 1949-51—is one that is not a peculiar misfortune of the steel industry, as the editorial I referred to at the outset has already rightly indicated. Other industries too are more or less in the same plight. But for those who would be impressed with nothing less than facts and figures, the Association has promised a series of studies relating to cement, paper and cotton textile industries, among others, in addition to this one on the steel industry. I have no doubt that, when all these studies are completed, the conclusion that has now been reached in respect of the steel industry will not only not be negatived but only confirmed. Accordingly, a reference to the salient features of the Association's study in respect of the steel industry cannot be regarded as out of place.

The study, which is based on the published accounts

of three companies, namely the Tata Iron and Steel Company, the Steel Corporation of Bengal, and the Indian Iron and Steel Company (the merger of the latter two companies came later), estimates that, although the industry increased its gross fixed assets by Rs. 34 crores and its gross current assets by Rs. 27 crores, between the years 1937 and 1951, there was no real capital formation in the industry, the inflation which prevailed during the major part of the period having wiped out all the new paid-up capital, as also the free reserves ploughed back into the industry, amounting in all to Rs. 16 crores. An interesting finding of the study is that, on the basis of the 1951 price level (which has been estimated to be 300 per cent of the 1937-39 level), there has been capital erosion in the industry to the tune of Rs. 25.50 crores! The Association is modest enough to add that "this estimate cannot be regarded as the final work on the subject", but it may certainly be treated as a first approximation—a studied and a scientific one at that. According to the Association, this capital erosion—I like the expressive phase—is the result of Government taxation and price policies, especially against the background of an inflationary period. In actual terms, the net investment of Rs. 16 crores (consisting of Rs. 2.91 crores of paid-up capital and Rs. 13.16 crores of free reserves) and the gross investment of Rs. 61 crores (book value) have not only not enabled the industry to keep its real capital intact but much less to expand it. If this is not quite clear to the lay man, it is because, to quote the wording of the study itself, "of the deceptive veil of financial records based on the customary accounting practice, which does not take into account the changes in real values due to changes in prices".

Since the contributory factors to this state of affairs have been clearly indicated to be taxation policy and price policy, a few words about the findings of the Association on these would perhaps be relevant. The root cause of the loss of Rs. 25.50 crores by way of capital erosion, according to the Association's study, is "the over-taxation of the industry by a like amount (Rs. 25 crores) due to the over-estimation of its real profits by about Rs. 50 crores as a result of calculating, for income-tax purposes, depreciation on fixed assets on the basis of original or historical cost, instead of on replacement cost". The Association is so convinced about this that it makes bold to suggest to the Taxation Enquiry Commission, pending its final report, to introduce appropriate measures to allow not only the iron and steel industry but all industries to charge to the current revenue a part or whole of the difference between the replacement cost and the original cost of fixed assets, spreading the amount, of course, over a reasonable period. The suggestion is certainly worth a trial.

From the various representations that have already been made to the Taxation Enquiry Commission, I have no doubt that the Commission is already impressed by the need to change the present method of computing depreciation allowances. Here, in this study the Commission will find a further proof, if it were at all needed, of both the need and the urgency of changing the mode of calculating depreciation allowances. In this connection, the Association has suggested to the Taxation Enquiry Commission that even the introduction of the principle of accelerated depreciation allowances has not gone far enough. As the Association pertinently points out, in effect, it only acts as a deferred taxation measure and affords to the industries concerned finance to just a limited extent for carrying out their replacement programmes. It does not compensate them for the over-taxation resulting from the faulty method of calculating depreciation.

That a higher return than 8 per cent on gross block should be given to the steel industry has been so convincingly argued even by the Tariff Commission, an expert body, that it is not necessary for anyone to point out that the 8 per cent sanctioned by the Government is a very low return. The contention of the industry, which, be it noted, has been upheld by the Tariff Commission also, is that this low percentage does not yield an adequate margin for dividends and allocations to reserves. It is interesting to note from the Association's study that, in 1951, out of 8 per cent allowed on the gross block, tax provision alone absorbed as much as 5.7 per cent; then profit-sharing bonus to labour (over and above the amount allowed as cost) absorbed about 1.5 per cent, while managing agents' remuneration accounted for 1 per cent. This meant that nothing was left for distribution of dividends or for allocation of reserves. It is a self-explanatory (or is it condemnatory?) commentary on the retention price policy of the Government that the higher margin left for dividends and allocation of free reserves in any year since 1944 was no better than 3 per cent. That was in the year 1948.

I cannot understand why the case for an increase of but 2 per cent in the retention price, made out by the Tariff Commission, was not acceptable to the Government. The plea that, because the Government has decided to give loans to the companies out of Equalisation Fund on favourable terms to finance their expansion programmes, it does not want to raise the retention prices, has not carried conviction. As. Mr. J. R. D. Tata pointed out, when presiding over the 46th annual meeting of the Tata Iron and Steel Company on September 3, 1953, "the acceptance of the small increase of Rs. 2 per ton recommended by the Tariff Commission would not have been inconsistent with the grant of the contemplated advance." The Government should have specifically directed (if it felt the need for it) that the increase should be used either to reduce the total amount of the proposed Government loan or to accelerate the repayment thereof. Strengthened, presumably, by its findings, the Association has, even at this late stage, suggested that the Government should immediately sanction an increase in retention on gross block as recommended by the Tariff Commission; or, in the alternative, it suggests that the question of paying out the amounts accumulated in the Equalisation Fund to the industry in the form of retrospective price increases may be referred to the Commission.

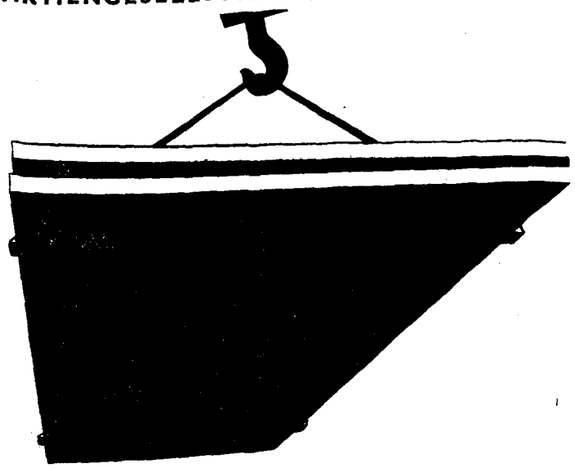
The crux of the whole problem of Indian industries today is that they are not able either to provide a reasonable—I won't say handsome—net return or adequately to plough back profits and thereby help capital formation in a sector where, in an underdeveloped economy, it is more feasible. The low return on the iron and steel industry in particular was referred to by Mr. Tata himself, when he said that capital, either Indian or foreign, could not be attracted to the industry on the basis of the prevailing ridiculously low rate of return. Refusal to face facts by the Government, as reflected in its turning down of the Tariff Commission's recommendation to increase the retention price of steel, has resulted more or less in a stalemate from the point of view of creation of additional capacity.

As regards capital formation, it may appear surprising to many that the real value of the total assets of the units of the steel industry under private enterprise (when book figures are corrected for price changes) shows that there was no real capital formation in the country during the period 1937-51. On the contrary, as against an increase in the installed capacity of the industry, there was actually a slight decrease in the real value of the fixed assets! The Association explains this paradox by quoting the analogy of a person who had a new car in 1937 as against two highly worn-out cars in 1951, the real value of the latter two falling just short of the real value of the former one. At a time when, in respect of many industries, production has been lagging behind installed capacity, it is sad to contemplate that even the real value of this installed capacity is not encouraged to be maintained by adequate ploughing back of profits.

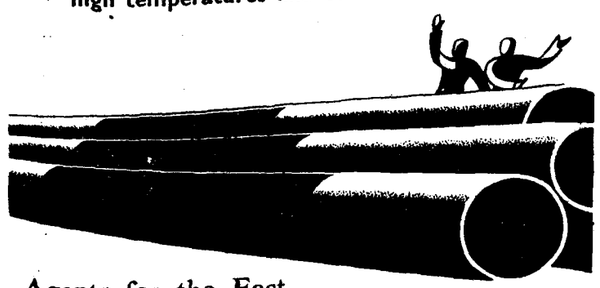
In this context, I recall a particularly apt observation made by Mr. Oscar Hobson, who, when referring to this question of the ploughing back of profits into business by industries, said: "What else can any self-respecting company do? Apart altogether from the interest of the shareholders, what sort of reality and morality would it breed in management and staff to know that the natural result of inflation would mean an annual erosion of the plant and machinery they had to work with?" This is, therefore, a very serious matter, because, when the management and staff come to know about this vulnerable position of the industry, they may start losing confidence in their own undertakings.

The unrealistic nature of the return allowed on gross block which has sterilised the reproductive capacity of the steel industry must not be allowed to continue any longer. Even in the name of the consumers' interest, the Government cannot afford to perpetuate the unfair treatment that is being meted out to the shareholders in steel companies who, in the year 1951, were called upon to accept a return which was below the pre-war level in terms of money and less than one-third in terms of real value. Let it not be forgotten that the money incentive is still a factor to reckon with. As the "Economist", London, has pointed out, in an editorial on 'The Morality of Money,' "the Socialist experiments in Britain have proved how very weak are all the other incentives to economic action in comparision with money. .....You can inhibit a man from some form of economic action by passing a law; you can stop him working or producing by a statute. But, if any means of inducing him to work other than by paying money to do so has yet been discovered, the British Transport Commission urgently desires to hear of it. Not that the offer of money always produces the result, but (save here and there and for special reasons) nothing else ever does". If Indian economy is to progress at a more rapid pace than at present, I cannot, for one, see how we can afford to minimise or underrate the role of money incentives.

RHEINROHR & SICROMAL
STEELS
PRODUCTS OF RHEINISCHE RÖHRENWERKE AKTIENGESELLSCHAFT, MÜLHEIM (RUHR)



For Highpressure boilers, Superheaters Crucibles, Distillation, Chemical and Refrigeration Plant and all applications involving high temperatures and corrosion resistance.



Agents for the East
ARMCO (INDIA) LTD.
21, ESPLANADE MANSIONS, CALCUTTA-1
Telegrams: "INGOT" Telephone: CITY 6087
If steel is your problem consult ARMCO
FDS

at children's parties



make it
MORTON'S
SWEETS OF DISTINCTION
Ask for cream toffee and fresh fruit centred Sweets.
C.&E. Morton (India) Ltd.

BUSINESS NOTES

INDIAN AIRLINES CORPORATION

The Indian Airlines Corporation's meeting held on April 14 was important in the sense that it took a policy decision on the organizational pattern. The re-classification of the former air companies into certain airlines was a virtual retention of the status quo. It became inevitable as a stop-gap arrangement owing to the hastily conceived and executed scheme of nationalisation. There was no point in protracting the interim arrangement inasmuch as that would have surely postponed closer integration and co-ordinated administration.

The pattern which is to replace the present lines system is one of complete centralisation of the internal airlines. The status of the Chairman of the Corporation as a whole-time officer should fully fit in with the requirements of the centralised pattern. The major argument in favour of accepting the system of centralisation was facility for introducing uniform policies and programmes over the entire network of air services and also to ensure effective co-ordination in administrative matters. The spread of the domestic airlines is by no means unwieldy and it should prove amenable to centralised management. The scheme of dividing the country into three zones for operational purposes, which it seems to be the intention of the Corporation to introduce, follows the zonal arrangement for railways. Integration for purposes of administration and management is not the real problem that faces the nationalised airlines. The main problem is to bring efficiency, economy and progressive development of air transport into the operation of the nationalised set-up. On this specific issue, it will be too much to be optimistic. The current inquiry into salary scales, grades and seniority of staff is most likely to inflate the salary bill. On the prospect of reducing costs from integrated control, the Corporation has observed significant silence. It is yet too early and unwarranted to draw positive conclusions about trends in traffic from its behaviour in the first few months since nationalisation. For one thing, this was a period of depressed demand due to the monsoons, and for another, it is too short and unrepresentative. Nevertheless, air traffic cannot escape a general decline due to the fluctuating purchasing power. The Corporation's principal preoccupation will be to make air transport attractive.

SUPPLY OF QUALITY JUTE SEEDS

The recommendations of the Jute Quality Committee and the lengthy official note detailing the Government's decision on these recommendations are both conspicuous by lack of an adequate appreciation of the urgency of this issue. The proposal about establishing quality seed farms and providing finance for them envisages a very moderate programme for multiplication of quality seeds. It entirely ignores the basic fact that time is certainly of the essence of this reform. It is, nevertheless, of the utmost importance that the entire area under the jute crop should be brought under tested and improved jute seeds in the course of the next five years. In the current sowing season, it is to be feared, scant attention is being paid to making a determined start in supplying the cultivator with quality seed.

Two strains of quality seeds—Capsularis and Olitorious—were evolved and fully tested in the Jute Agricultural Research Laboratories of the Indian Central Jute Committee about a couple of years back. Their actual sowing, however, has been confined to a small acreage of 19.5 lakh acres in West Bengal and Bihar. An increase in output of 18 per cent with the use of these seeds has been clearly established. If the entire area under the jute crop in the country is to be brought under these two types of quality seeds, a quantity of two lakh maunds of seeds will be required for adequate supply. Production of a quantity of this order would necessitate 2,794 maunds of nucleus seeds and a total area of approximately 54,000 acres. In the light of the availability of acreage as well as the nucleus seed, it is reasonable to spread the programme of multiplying quality seeds over a period of five years. One farm for production of nucleus seed quantity in the first year and 40 farms in the course of the next four years are estimated to be the rational requirements, if the target of all-out quality jute cultivation is to be achieved in a reasonable period.

Against this background, the programme proposed by the Jute Quality Committee and accepted by the Government is utterly inadequate and tardy. The Union Government has, no doubt, undertaken to provide interest-free loans to the State Governments of West Bengal, Bihar and Uttar Pradesh to finance the operations of the seed farms. Enactment of the projected Jute Seed Act is also calculated to ensure strict use of improved seed by the cultivator. But the Government's scheme for multiplication of quality seeds is conceived in a very narrow and conservative spirit. It envisages the establishment of eight farms in these three States. At this rate, it is clear, the goal of nation-wide quality jute cultivation will be postponed, while competitive producers and producers of substitute materials are racing forward. The urgency to revise the official scheme on an ambitious scale needs no emphasis.

FURTHER RELIEF FOR ART SILK

The persistent representations on behalf of the art silk industry to the Finance Minister for substantial reduction in the excise duty on art silk, coupled with the near-prospect of the closure of units chiefly in Gujerat, constituted a real measure of the urgency of prompt relief to this industry from the burden of the new levy. They have evoked timely response in the shape of the second instalment of tax relief announced in Parliament on April 19. It will be remembered in this context that the Central excise on art silk fabrics was reduced to 1 anna per square yard or 1 anna 6 pies per yard, whichever was lower, from March 23 last. In effect, the rate of 1 anna per square yard would be the virtual ruling rate. The reduction in duty on this basis was assumed to be 40 per cent of the budget proposal. This Monday's announcement reduces the rate further by half to 6 pies per square yard. The total reduction to date as compared with the original estimate in the revenue to the Exchequer will be about 53 per cent to Rs. 75 lakhs. The raising of the exemption limit from factories employing a maximum of 9 looms to those employing a maximum of 24 looms, the option to pay in advance a lump sum of Rs. 22-8 per loom used in production to eliminate factory supervision as also administrative control and exclusion of staple fibre from classification as art silk are additional welcome gestures.

Along with this comes by coincidence the announcement of a rebate of import duty on art silk yarn used in exported rayon fabrics at the rate of 12 annas per lb of rayon cloth actually exported. It is not a special concession to this industry, but it should stimulate exports to the near markets.

NON-FERROUS SHEET ROLLERS

In the first quarter of 1954, developments in the non-ferrous sheet rolling industry gave a new look to it. Demand for non-ferrous metals has received a stimulus in the world markets due to the intensification of tension in international politics. The rights or wrongs of the factors which have contributed to the increase in the tension are irrelevant to an objective assessment of business conditions and the fact is there that the market for non-ferrous metals has improved. The general view which those concerned with market operations take of the policy of deficit financing is bullish and this view also has helped recovery of confidence in the prospect in the short term.

This phase of recovery in the current calendar year, however, was preceded by two years of set-back in which the industry had to pass through hard straits. This is clearly evidenced by the production trends. The state of the non-ferrous metals industry, and particularly of copper, began to deteriorate fast in 1952. As against the combined capacity of 15 main producers of copper and brass sheets of the order of 42,000 tons per year (3,500 tons per month), average monthly production in 1951 slumped to 936 tons from a monthly average of 1,618 tons in 1950 and it deteriorated steeply to 700 tons per month in 1952. The ratio of actual production to installed capacity fell as low as 20 per cent. This trend, however, was reversed in 1953 with an average monthly output of about 873 tons. Mr. B. K. Nevatia emphasized, in his presidential address at last week's annual general meeting of the Western India Sheet Rollers' Association, the contribution of external factors to restoring stability in the industry, from which he rightly proceeds to the basic need to adjust internal policies to assist its healthy development. The rationalisation of Government's policy regarding ordnance factories for fuller utilisation of their idle capacity has its repercussions on the industry. But it is unlikely that a direct relief from their competition will be offered to the sheet rolling industry. Relief is to be sought at other points. Mr. Nevatia has stressed the urgency of reconsidering the policy of liberal import of stainless steel sheets and low import duty on zinc sheet. The changed attitude to export of copper and brass sheets in permitting their shipments has been welcomed by the Association, but its positive suggestions in this behalf are to allow longer licensing periods and to declare the policy sufficiently in advance. Those changes would facilitate establishing long-term market deals in the Far East and Middle East countries.

SPARKING PLUG MANUFACTURE

The series of enquiries into the claims of automobile ancillary industries for protection has been taken up by the Tariff Commission. The second in the series relates to the case of the sparking plug manufacturing industries. As a corollary to the policy of protection to the automobile industry, the principle of extension of protection and assistance and encouragement to its ancillary industries has been accepted by the Government. Automobile manufacturers and manufacturers of its components and parts have been advised to proceed on a basis of collaboration. It means that the former are to give preference to the production of indigenous ancillary industries and for this purpose they are expected to give them the benefit of their consultation. This broad policy of collaboration clearly indicates that tariff protection and aid will be extended to the ancillary industries in a generous measure.

The sparking plug industry has made a humble start from September last with assembly of plugs. Out of the two units which have adhered to their original programme of entering this line of production, the Motor Industries of Bangalore assembled 20,000 plugs in the three months ending 3rd December, 1953. It has taken up actual manufacture only on an experimental basis. The Auto Accessories (India) of Bombay are to go into production soon. Between their present production capacity of 300,000 plugs and 260,000 plugs respectively, on the one hand, and demand estimated at about 1,500,000 plugs on the other, there is a wide gap. The gap will be narrowed down considerably in the next two years. The two units are functioning on the basis of technical co-operation with German and British firms. They have also made satisfactory arrangements for inspection and testing of the final product which ensures conformity to quality standards. Research facilities are to be provided in the factories and in addition the related national laboratories and research institutions will also be available for expert assistance. In general, therefore, the organizational structure of this industry has been planned on a comprehensive basis and there is promise of progressive performance. The present standard rate of revenue duty on sparking plugs is 25 per cent ad valorem. Whether the rate of protective duty should be fixed at 94 per cent ad valorem, as requested by the two manufacturers, or at a lower level, will depend on the results of the examination of relative costs of home and imported plugs. Other assistance in the form of restriction of imports and rebate of duty on imported raw materials, and so forth, is most likely to be granted.

INDIAN DYESTUFFS

With the establishment in Bombay of the Indian Dyestuff Industries Ltd., India will make her debut in the manufacture of vat dyestuffs. The new enterprise has for its major objective the manufacture of the principal varieties of vat dyestuffs which are at present wholly imported. A large internal market, sustained by an expanding textile industry, offers a guarantee of development of the dyestuffs industry at a reasonable pace. It is, therefore, appropriate in the situation that the new company should chalk out an ambitious programme of production. The management of the enterprise can draw fully on the abundant business experience of the Board of Directors who include Messrs. Navinchandra Mafatlal and Ambalal Kilachand.

The authorised as well as issued capital of the company is Rs. 30 lakhs divided into 15,000 six per cent cumulative redeemable perference shares of Rs. 100 each and 15,000 ordinary shares of Rs. 100 each. Half of each category of shares is agreed to be taken up by the Directors, their friends and relatives, while the remaining half is left open for public subscription. A sum of Rs. 25 per share on preference shares as also on ordinary shares is payable on application and another Rs. 25 per share is payable on allotment. The balance of Rs. 50 per share will be due for payment on calls to be made at intervals of not less than two months. The company has reserved the option to redeem the preference shares at any time after the expiration of ten years by six months' previous notice. The method of redemption will be by casting lots. Lists for subscription which were opened on April 15 are to be closed on the last day of this month or earlier. Investors' response to the issue is reasonably expected to be enthusiastic.

INDUSTRIAL FINANCE CORPORATION

The Government of India has accepted in principle the recommendation made by the Industrial Finance Corporation Enquiry Committee that the Corporation should have a full-time paid Chairman. This change would necessitate a Bill to amend the Industrial Finance Corporation Act which will be introduced in the next session of the Parliament. The Government has issued instructions to implement its decisions on the recommendations made by the Industrial Finance Corporation Enquiry Committee:

(1) In the interest of direct contact, the Board of Directors of the Corporation should occasionally meet at important centres like Bombay, Calcutta, Madras, etc. other than Delhi. (2) Directors of the Corporation must invariably disclose whatever interest they may have in applications for loans (including shareholding in the loanee company or its managing agency) pending with the Corporation and the Director concerned should withdraw from the meeting when the application for loan in which he is interested is under discussion. (3) The Annual Reports of the Corporation should be as informative as possible and should contain general reviews of development of industries particularly in the fields in which the Corporation has advanced loans. The names of concerns to which loans are sanctioned should also be published in these reports. (4) In sanctioning loans, a minimum margin of 50 per cent should be generally aimed at and greater attention should be given to the proper assessment of the earning capacity of the borrowing concern. The financial stakes of the Directors and the Managing Agents of the applicant concern should also be taken into account and where such financial stake has been taken into account by the Corporation as a factor of safety, the Directors and the Managing Agents concerned should not be at liberty to dispose of their shareholdings in the borrowing concern without the prior approval of the Corporation. (5) A report should be sent to Government with full particulars whenever loans in excess of Rs. 50 lakhs in individual cases are decided to be granted by the Corporation. A report should also be sent to Government of all cases of the grant of loans in which a Director of the Corporation is a Managing Director or a Director/Partner/Shareholder in the managing agency concern of the applicant undertaking. In cases of loans to companies in which a Director of the Corporation is an ordinary Director or shareholder, a report should be sent if loans are sanctioned at meetings at which less than half the Directors are present or the decision is not unanimous.

PLANTATION INQUIRY COMMISSION

In view of the importance of the tea, coffee and rubber industries in the economy of the country, the Government of India has decided to have a comprehensive inquiry regarding the economic conditions and problems of these industries. A comprehensive enquiry into all the economic problems of the principal plantation industries is being instituted for the first time in their history.

Besides the Chairman, Mr. P. Madhav Menon, the Commission has two members. The Commission has been appointed by a notification under the Commissions of Inquiry Act, 1952, published in a "Gazette of India Extraordinary", dated April 17, 1954. Two assessors, one to represent the interests of labour and other to represent the interests of the employers will be appointed to aid and advise the Commission in its work. The names of these assessors will be announced shortly. In addition the Commission will also associate with itself local assessors with detailed knowledge of local conditions in respect of each planting area and each plantation industry when it visits the different localities.

The Commission will go into all aspects of these three plantation industries, including the amount of capital, Indian and non-Indian, invested in them, the methods of production and costs of production, the methods of financing, and marketing, including all the factors which affect the price paid by the consumer, and the possibilities of further expansion and development of these industries. The Commission will make recommendations to Government on the measures necessary to secure for the producer a fair price for his product and to the consumer a fair price for the article he buys, to enable the provision of necessary finance for the plantation industries, to ensure suitable marketing arrangements, and for the proper development and expansion of these plantation industries. The Commission is required to submit its report within one year.

KANPUR TEXTILE INDUSTRY

It is due to the predominance of the cotton textile industry in the industrial structure of Kanpur that its present onerous problems invited special attention in Mr. D. R. Bell's survey of industrial relations at the last annual general meeting of the Employers' Association of Northern India. These problems have much in common with the problems of the textile industry elsewhere in the country. Nevertheless, the influence of local factors cannot be minimised and it is these local factors which explain the financial difficulties of Kanpur mills.

The origin of these difficulties, in the short context, is to be traced to the slump in raw cotton prices in 1952 which placed mills in a very uncomfortable position owing to the costly purchases of cotton stocks that they made before the price fall. In the case of Kanpur mills, their location remote from sources of cotton growing areas and principal cotton markets not only places them in a comparatively adverse position but makes it incumbent on them to build stocks of cotton in advance and in much larger quantities than mills near raw cotton resources. To add to this legacy of 1952, the tax reliefs granted to the industry in October 1953 did not bring substantial help to mills in Kanpur. The explanation is not far to seek. They stand in an unfavourable position in relation to mills at or near port towns in the matter of exports which impairs their competitive strength. The strain on their output of medium varieties of cloth, which form the bulk, is clearly reflected in financial working. Six out of ten local mills could not declare any dividend last year. Nonetheless, in terms of the award of the Industrial Tribunal they have been placed under an obligation to pay bonus to workers of the aggregate size of Rs. 24 lakhs. This liability would stay unless the appeal preferred against the award brings a different result. Meanwhile, the State Government's policy of procrastination has compelled the mills to postpone a much-needed but modest measure of rationalisation, which, on the assurance of the industry, would not involve retrenchment of labour.

INDO-FINNISH TRADE

The Indo-Finnish trade arrangement, which expired on December 31, 1953, has been extended for a further period of two years from January 1, 1954, by an exchange of letters between the two Governments. The arrangement provides for promotion of trade between the two countries. The trade between the two countries will be governed by the normal import and export regulations. The two countries will accord each other the same treatment as is accorded by them to other countries of the same currency group.

Some of the important commodities which will be available for export from India to Finland during the year 1954, are tobacco, hides and skins, cashew-nuts, jute goods, tea, coffee, shellac, coir yarn and manufacturers, castor oil, linseed oil, hydrogenated oils, cotton waste, drugs, and essential oils. Among the items available for export from Finland to India in the year 1954 are cheese, potassium chloride, bone glue, wooden bobbins for textile industry, plywood of birch, tea chests, prefabricated wooden houses and barracks, mechanical and chemical wood pulp, newsprint, paper products, boards, agricultural machinery, road making machinery, and electrical and telecommunication cables.

COMPANY AFFAIRS

THE MODERN MILLS LTD.

The audited accounts of the Modern Mills Ltd. (Managing Agents: N. Sirur & Co., Ltd.) for the year ended 31st December, 1953, show a drop in net profit (before providing for depreciation and taxation) from Rs. 3.15 lakhs in 1952 to Rs. 2.58 lakhs in the year under report. The figure for total sales is also down by Rs. 17.10 lakhs from Rs. 163.92 lakhs to Rs. 146.82 lakhs. The drop in sales and profit is explained by the fact that the working of the mills was adversely affected by the serious depression in the cloth trade during the last four months of 1953. Moreover, the Employees' Provident Fund Scheme came into force at the commencement of the year under reference and the company's contribution to the fund amounting to Rs. 1.81 lakhs was an additional charge on the earnings of the company.

The dividend has, however, been maintained at 5 per cent per annum. The table below summarises the working results of the mills during the last two years:

Year ended December	1952	1953
(a) Sales	1,63.92	1,46.82
(b) Purchases	1,38.46	84.53
(c) Salaries and Wages (including dear food allowance)	39.59	43.94
(d) Net Profit (before providing for taxation and depreciation)	3.15	2.58
(e) Provision for Depreciation	0.75	6.16
(f) Provision for Taxation	0.28	0.28
(g) Dividend rate per cent per annum	5	5

THE AMALGAMATED COALFIELDS LTD.

The directors' report of the Amalgamated Coalfields Ltd. (Managing Agents: Shaw Wallace and Co., Ltd.) for the half-year ended 30th September, 1953, shows the happy results of satisfactory wagon supply position throughout the half-year. Raisings here advanced by 1,562 tons only as compared with the preceding half-year but despatches here shot up by 23,465 tons. Stocks, therefore, here dropped by 75 per cent.

Net profit shows little change because the provision for depreciation has been enhanced from Rs. 2.44 lakhs to Rs. 2.84 lakhs.

Out of the available surplus of Rs. 2.44 lakhs after providing Rs. 85,000 for taxation, the directors have set apart Rs. 1,00,000 for "machinery replacement and development reserve". Dividends will absorb Rs. 1,27,500 and the balance of Rs. 16,954 is proposed to be carried forward.

The balance sheet shows the reseves at Rs. 18.67 lakhs against the total paid-up capital of Rs. 25.50 lakhs. On the assets side, the net block is as low as Rs. 25.75 lakhs against the gross block of Rs. 76.33 lakhs.

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

	Half-Year Ended Sept.	March	Sept.
(a) Raisings (in tons)	356,863	382,975	3,74,530
(b) Despatches (in tons)	352,808	368,886	3,92,351
	(Lakhs of rupees)		
(c) Sales	53.96	56.44	65.50
(d) Stocks	2.65	2.94	0.74
(e) Net Profit*	1.44	2.24	2.24
(f) Provision for Depreciation	2.41	2.44	2.84
(g) Provision for Taxation	1.01	0.87	0.85
(h) Dividend rate per cent per annum	10	10	10

* After providing for depreciation and taxation.

FINLAY GROUP OF COTTON TEXTILE MILLS

The reports of the directors for the year ended 31st December, 1953, of all the three cotton textile mills managed by Messrs. James Finlay & Co., Ltd., are now available for review. Only one, namely, the Gold Mohur Mills Ltd., has maintained the dividend rate at the 1952 level of 12.5 per cent per annum. The other two have scaled down the rates. Finlay has reduced it from 20 to 16 per cent and Swan from 30 to 20 per cent.

The trading profits of both Gold Mohur and Swan have dropped appreciably. For Swan, the profit is down from Rs. 37.61 lakhs to Rs. 23.74 lakhs and for Gold Mohur from Rs. 27.05 lakhs to Rs. 17.94 lakhs. Only Finlay shows a nominal rise of Rs. 63,146.

In view of the comfortable position of the "Reserve Fund" as compared with the total paid-up capital, it has been decided in the cases of Finlay and Swan to capitalise a portion of the reserves.

At an extraordinary general meeting of the shareholders of the Finlay Mills Ltd. held on 9th September, 1953, it was decided to increase the share capital from Rs. 40,00,000 to Rs. 50,00,000 by the creation of 10,000 shares of Rs. 100 each. It was also decided to capitalise a sum of Rs. 10,00,000 out of the amount then standing to the credit of the Reserve Fund (which was Rs. 47,04,000) and to issue and allot 10,000 shares of Rs. 100 each fully paid to the shareholders in the proportion of one such share for every four shares held.

In the case of the Swan Mills Ltd., it was resolved to increase the share capital from Rs. 24,00,000 to Rs. 36,00,000 by the creation of 12,000 shares of Rs. 100 each. It was further resolved to capitalise a sum of Rs. 12,00,000 out of the amount then standing to the credit of the Reserve Fund (which was Rs. 47,56,000) and to issue and allot 12,000 shares of Rs. 100 each fully paid to the shareholders in the proportion of one such share for every two shares held.

The working results of all the three mills during the last three years are summarised in the table below:

(Lakhs of rupees)

Serial No.	Year ended 31st December	Finlay 1952	Finlay 1953	Gold Mohur 1952	Gold Mohur 1953	Swan 1952	Swan 1953
I (a)	Cloth Sales	152.33	118.81	195.31	161.38	290.69	227.38
(b)	Yarn Sales	78.05	45.82	10.51	6.48	6.02	1.08
(c)	Waste Sales	8.78	7.21	8.90	7.12	6.91	5.27
	Total Sales	239.16	171.84	214.72	174.98	303.62	233.73
II	Cotton Purchase	112.60	77.32	83.38	72.41	121.38	..
III	Salaries and Wages	54.33	62.60	47.83	53.88	37.55	43.58
IV	Trading Profit	19.71	20.34	27.05	17.94	37.61	23.74
V	Provision for Depreciation	2.42	2.51	4.67	2.80	3.84	5.51
VI	Provision for Taxation	8.00	7.50	11.00	6.90	16.00	8.50
VII	Dividend rate per cent per annum	20	16	12/8	12/8	● 30/-	20/-

COMMODITY NEWS AND NOTES

FINAL ESTIMATE OF RAGI

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of ragi for 1953-54 puts the current year's area and prodution at 5,472,000 acres and 1,564,000 tons as against the partially revised estimates of 5,428,000 acres and 1,238,000 tons respectively thus showing an increase of 44,000 acres or 0.8 per cent in area, and 326,000 tons or 26.3 per cent in production. The increase in acreage under ragi during the current year has been shared mainly by Mysore and Hyderabad and is due to favourable weather conditions at the time of sowing. This increase in acreage has been offset considerably by the heavy decrease reported by Bihar due to excessive rainfall and floods. The increase in production, reported by almost all the major ragi-growing States except Bihar, is shared mainly by Mysore and Madras and is due partly to the increase in acreage and partly to favourable climatic conditions during the growing period. The crop was also affected due to heavy rains in parts of the Ratnagiri, Kolhapur, Belgaum and Dharwar districts of Bombay. Random sample crop-cutting surveys on the ragi crop during 1953-54 were in progress in Andhra, Madras and Mysore States. The results of the surveys in respect of these States have, however, not become available so far. As such, the production estimates for these States based on the traditional methods have been utilised in the all-India estimate. The production estimates for these States may, however, undergo a change on receipt of the estimates based on the results of the random sample crop-cutting surveys. This estimate includes information in respect of the 'non-reporting areas' i.e., areas for which forecasts are not prepared. The 'non-reporting areas' for this estimate include the Punjab, Jammu and Kashmir, Travancore-Cochin and non-reporting pockets in Coorg, which together account for an area of 14,000 acres and a production of 2,000 tons during 1953-54.

RECESSION IN CASHEW INDUSTRY

The cashew industry of Travancore-Cochin is facing a set-back with factories closing and thousands of labourers facing unemployment. A fall in the price of cashewnut in the foreign markets is said to be the main cause of the recession. Representations have been made to the Central Government to take early steps to rehabilitate this industry. A suggestion is reported to have been made to Mr. T. T. Krishnamachari, Commerce and Industry Minister, by some of the Travancore-Cochin M.P.s to include cashew in the O.G.L. The Minister is understood to have replied that this would hardly improve the position, because even as it was any factory owner could freely import raw nuts from Africa for processing and re-sale. However, the Government had decided to seek new markets for cashew and to include it among exportable items in as many trade agreements with foreign countries as possible. Already it has been included in agreements India has entered into with West Germany, Holland and Czechoslovakia. The Union Government have also asked for the views of the State Government on the matter.

IMPORT OF BOLD GRAIN SUGAR

The President of the Bombay Sugar Merchants' Association stated recently that bold grain sugar should be imported as the consumers have amply shown their preference for it. He added that there was enough sugar in the market to last for a fortnight and plenty in factories. The Government should, however, arrange for more imports by the end of April and expedite sales at a fixed price.

FINAL CASTOR ESTIMATE

The total area under castor crop in Madhya Pradesh during the 1953-54 season has been estimated at 19,630 acres, according to the final forecast for the crop. The area is less than the average area of the preceding five years by 24.8 per cent. The decline is attributed to unfavourable weather conditions at sowing time. The estimate places the total yield at 2,820 tons as against the actual yield of 3,260 tons of the previous year.

RESERVE OF IRON-ORE IN INDIA

The estimated reserves of high grade iron ores containing 60 per cent and over of metallic iron in India according to the Director of the Geological Survey of India, are as follows:

Hematite Ores		
Bihar and Orissa	8,000	million tons
Madhya Pradesh	3,000	„ „
Mysore	1,000	„ „
Sandur	250	„ „
Magnetite Ores:		
Madras	1,000	million tons
Mysore	200	„ „
Lemonitic and Spethic Ores		
West Bengal	500	million tons

U.K. OIL EXPORTS

U.K. oil exports of refined petroleum products during 1953 reached a new high level of more than 7 million tons, valued at over £71 millions. In 1952, exports were 5.15 million tons and earnings were £52 millions. The increase of nearly 40 per cent in the total quantity exported reflects the coming into operation last year of an additional refinery plant.

U.S. COTTON AND TOBACCO FOR GERMANY

The United States Foreign Operations Administration has allotted 13 million dollars to the Federal German Republic for purchase of surplus American tobacco and cotton. This is in addition to an earlier allotment of two million dollars for the purchase of Soya beans.

U.S. OIL SUPPLIES PROSPECTS

The United States has increased Soya bean acreage this year over the record acreage planted in 1953. Acreage restrictions on 1954 corn, wheat and cotton crops and limited alternate use for diverted acres will increase acreage planted to Soya beans. Soya bean prices have been favourable due to the sharp reduction in output as a result of droughts. If now the weather conditions are normal, production of beans in 1954 would be a record high. In that case prices may also decline from the present level.

Output of food fats in the crop year which began in October 1953, is estimated at 9.1 billion pounds, less by 3 per cent over the year before. The decline reflects a drop in lard production. Production of vegetable oils will be about the same as last year. Total supplies will be at peak, since stocks at the beginning of the crop year were at a new high level.

DANISH SUGAR CROP, 1953-54

The Danish sugar crop in the 1953-54 campaign yielded 371,000 tons of raw sugar compared with 258,000 a year earlier according to preliminary estimates by Danish sugar factories This result was better than expected, especially in view of the fact that the area was 20 per cent smaller than in 1952. The 371,000 tons of raw sugar are expected to produce 337,000 tons of refined sugar. After domestic consumption there will be an export surplus of about 130,000 tons of raw sugar. Export prospects are, however, considered not too bright.

SUGAR PRODUCTION IN INDONESIA

Sugar production in Indonesia increased from 458,029 tons in 1952, to 618,191 tons last year. It is hoped the export would be about 150,000 tons in 1954 against only 1,600 tons in 1953. In 1939, sugar exports totalled 1,357,000 tons.

COMPANY MEETING

INDIAN TEA PLANTERS' ASSOCIATION,
JALPAIGURI

Extracts from the speech delivered by the Chairman, Shri Lalit Chandra Ghatak, at the Annual General Meeting of the Association, held on April 10, 1954.

Gentlemen,

This is the occasion when we meet our friends, well-wishers and colleagues for a heart to heart exchange of views on matters pertaining to the Industry which our Association represents.

The task before the industry may be summarised as follows:

(a) To continue regulating production in conformity with the needs of export and internal markets so that the prices may not fall below economic limits. I am glad to say that our Association first set the ball rolling in 1952 for a move for voluntary regulation of production which culminated in a voluntary scheme of restriction of crops by North Indian estates in 1953 and more than 90 per cent of our members joined the scheme. In 1954 too our Association has agreed to the principle of voluntary regulation of crop.

(b) To maintain the quality of tea attained in 1953.

(c) To plough back profit into the industry as far as practicable with a view to make up the leeway, in the maintenance of the estates as economic units of production.

(d) To equip the factories of our economic gardens with the most up-to-date machinery and appliances and to rehabilitate our marginal estates as economic units, with a view to speed up production of quality teas.

(e) To increase the efficiency of our labour, so that it might be possible for the industry not only to sustain the existing cost structure, but with the increased production bringing in larger returns to improve the wage structure and introduce the amenities aimed by the Plantation Labour Act.

(f) To make intensive efforts for expansion of consumption of Indian tea both at home and abroad.

Largely on account of continued pressure from our Association, the Central Government agreed to hold an enquiry into the conditions of marginal Indian owned estates. The Government of Assam has already deputed an officer under the Central Tea Board to investigate into the cases of marginal estates of Assam with a view to ascertain how they could be made economic. In response to our request the Government of West Bengal has also agreed to place the services of a competent officer under the Central Tea Board for an investigation into the conditions of marginal estates in West Bengal. In view of the huge financial implications of any practical scheme of rehabilitation of marginal estates which would be beyond the scope of activity of the commercial Banks, the Government of the country alone can, and ought to step in, and by setting up a machinery like Industrial Development Corporation provide the long-term finance so essential for successful prosecution of the scheme.

DEPRECIATION OF TEA PLANTS

Though a tea bush may be in bearing up to 80 years, its capacity for normal production starts falling off after 40 years. Considering the fact that the Tea Industry of India started in the eighties of the last century, the majority of plantations have already run out three quarters of their economic life. It is high time that the round of uprooting superannuated bushes and replanting the uprooted areas was started methodically if the industry were to avoid a serious drop of production which would throw even our finest gardens into the wrong side of the marginal line. In our last year's report we raised a plea for allowing 2½ per cent depreciation on tea bushes to lay by funds for systematic programme of uprooting and replanting obsolescent tea areas. I would again urge this proposal for acceptance by the Government.

CASH CONVERSION FOR ASSAM VALLEY GARDENS UNDER INDIAN TEA ASSOCIATION

Indian Tea Association, no less than ourselves, had been trying strenuously in the past to do away with the system of concessional issue of food grains, by conversion of concessions into cash but could not succeed on account of opposition from labour.

At the Fifth Session of the Industrial Committee on Plantations held in Calcutta on 30th and 31st January 1954, I.T.A. reached an agreement with the labour representatives under which full cash conversion was effected for their Assam Valley gardens @nine annas per day (with cereals sold @ Rs. 20 per maund) for Zones I and II, and eight annas per day (with cereals sold @ Rs. 17-8 per maund) for Zone III. It was also agreed that these conversion allowances would be merged into the basic wage. In return for labour's acceptance of these terms I.T.A. further conceded five holidays with pay each year, including holidays already granted in respect of the Republic and Independence days.

Though we fully share with our sister Association a desire to do away with the shopkeepers' business, we doubt if in their anxiety to achieve this end, they have not made commitments which would far outweigh the advantages to be gained from the discontinuance of that business. We have therefore instructed our gardens in Assam Valley to study closely the implication of cash conversion agreed to by I.T.A. in the background of the existing pattern of wages composed of cash and concessions and to inform the Association about the result of such study.

PROPAGANDA FOR TEA

Since the withdrawal of India from International Tea Market Expansion Board, and the consequent liquidation of that organisation, the most important step which has been taken by the Government of India has been the setting up of the Tea Council of U.S.A. with the collaboration of the Governments of Ceylon and Indonesia, to promote the sale of tea in that country. This body has 12 members, half of whom are appointed by U.S.A. Tea Trade and the rest by the Governments of the three producing countries. The Tea Council has started functioning under most favourable auspices; for its working in 1953, it received an allocation of 1.5 million dollars, contributed by the participant Governments and U.S.A. Trade interests. There has been as I have already said, a substantial increase in the import of tea into U.S.A. in 1953.

We would expect the Government will not lose time in organising suitable agencies in United Kingdom and Eire, which are our most important customers, for promotion of tea; Egypt, Switzerland and Iran should also figure prominently within the field of our propaganda.

ASSOCIATION'S PROPAGANDA AT THE INDUSTRIAL EXHIBITION AT KALYANI

In response to a request from the Secretary of the Reception Committee of the Indian National Congress the Association decided to engage a stall at the Industrial Exhibition sponsored by the Congress at Kalyani to make propaganda for Tea Industry. The

stall was suitably designed for the purpose; inside the stall clay models of plantation, factory, water works, officers' quarters, hospital, creche, labour quarters, schools, football ground, labourers at plucking etc. were exhibited. Live tea plants, photographs of the successive stages of manufacture of tea and of welfare and amenities introduced in the gardens, and pictorial posters giving salient facts about Tea Industry in genarel and Indian gardens in particular, were also displayed. Officers of the Association attended the stall for the whole period of the Exhibition from 16th January to 6th February 1954 to explain the exhibits to and answer questions of inquisitive visitors. Half a pound of best tea of Association's gardens was given free to each Congress delegate at his camp, and 10,000 brochures containing the history of India's Tea Industry and its place in our national economy and of the steady growth of Indian gardens represented by the Association were distributed to the visitors at the Exhibition. The propaganda was directed towards the economic advantages which would accrue to our country by expansion of tea habit among our countrymen.

It is a matter of gratification that the Association was awarded a medal and a certificate in appreciation of its activities at the Exhibition.

EXHIBITION OF INDIAN TEA IN U.S.A.

The Consulate General of India in New York wanted to exhibit samples of Indian tea in the premises of the Consulate to interest American buyers; for the success of this exhibition the Central Tea Board issued a circular in August, 1953, requesting that 1 lb. packets of best quality tea from each garden should be given free of cost with specifications about grade and price, to the Board and the Board would transmit the packets to the Consulate General in New York.

The Association complied with the Board's request; in response to the Association's circular the gardens supplied their best teas of leaf and broken grades and these were packed in one lb. aluminium containers of attractive design and colourful label and sent to the Central Tea Board.

PLANTATION LABOUR ACT, 1951

Plantation Labour Act, 1951, had been made a subject for discussion in the Fifth Session of the Industrial Committee on Plantations which was held in Calcutta on 30th and 31st January, 1954. The majority of the members of the Committee took following decision:

(a) The Act should be brought into force on and from the 1st of April, 1954.
(b) The sections of the Act which would then automatically come into force should be given effect to viz. the provisions relating to fitness certificates and tokens for adolescent workers, the provisions of drinking water and annual leave with wages.
(c) Rules should be framed by the Government in respect of all welfare measures covered by the Act and submitted for scrutiny and approval to a Tripartite Committee at an early date.
(d) After finalisation of the Rules a phased programme of implementation of the following welfare measures which were regarded as being of the first priority should be drawn up, namely:
  (i) medical facilities;
  (ii) creches;
  (iii) recreational facilities;
  (iv) housing facilities;
  (v) protection from weather, and
  (vi) welfare officers.
(e) Consideration should be postponed for the present namely:
  (i) educational facilities;
  (ii) conservancy, and
  (iii) canteens.

The view of the Indian section of the producers which was in a minority in the Committee, was that while they were agreeable to the Act being brought into force from 1st April, 1954, the worst affected areas in the crisis, viz. Tripura, Cachar and Darjeeling should be given one year's time before the operation of the Act was extended to these areas, and that the small growers would suggest only a phased programme after the rules were published and the liabilities under them were understood.

The Central Government by a notification dated 5th March, 1954, announced that the Act would come into force on 1st April, 1954 and a complete set of draft rules framed by the Government in respect of welfare measures was forwarded to the Associations.

In order to give a concrete idea of the capital and running costs of the welfare measures which the estates will be under a legal obligation to implement under the Plantation Labour Act, an estimate of such costs for an estate of 270 acres, with a working labour of 300 and an average production of 2,000 mds. of tea per year was prepared by the Association and circulated among the members. A summary of the costs would be instructive.

	Capital Expenditure	Recurring Expenditure
	Rs.	Rs.
Total expenditure ..	4,44,070 0 0	1,05,885 0 0
Expenditure per acre under tea ..	1,644 11 3	392 2 8
Expenditure per worker	1,480 3 9	352 15 3
Expenditure per pound of tea ..	212 4 8	0 10 7

The heaviest item of capital expenditure is housing facilities covered by sections 15 and 16 of the Act. This item alone would involve, if the housing were according to the specifications already laid down by the Central Government for plains gardens, an expenditure of Rs. 3,12,500 even for a small garden with a working labour of 300 only. While in the case of industrial housing (other than for the plantation industry) the Central and State Governments are prepared to share 2|3rds of the Capital costs of pucca houses of approved specifications, this type of financial aid has been denied to the improved housing for tea workers, notwithstanding that this item of welfare measures has been made a statutory obligation of the employers under the Plantation Labour Act. When the Central Government derives about 14 crores of rupees annually from the Tea Industry in excise and export duties alone, may we not expect a portion of it, say 25 per cent to be ploughed back into the industry to subside the housing of plantation workers? Considering the staggering costs of implementation of welfare measures both under capital and recurring heads, I can only hope that wise counsel will prevail with the Government and implementation will be insisted upon only in such easy steps as the financial condition of the gardens would permit.

CROP BASIS OF TEA ESTATES

Rules framed under the Tea Act have made an important change in the crop basis of tea estates. Under the Indian Tea Control Act, 1938, as amended up to 1948, the crop basis of an estate was the highest crop basis assigned to that estate for any of the financial years 1940, 1941 and 1942, increased under certain circumstances, by allowance for young clearings and low producing areas. India's crop basis under the Indian Tea Control Act was 522.3 million lbs. in 1953. Crop basis of an estate determines its export quota allotment, inasmuch as the export quota of an estate in a particular year bears the same ratio to its crop basis as India's export allotment of that years bears to India's crop basis.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.4	359 2	367.4	686.6	397.5	90 4	100.6	87.4	95.7
June 1953 ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87 2	94.4
Juiy ,, c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
Week Ending										
6-3-1954 ..	367.3*	459.9	355.7	371.3*	685.2	391.3	90.4	101.5	88.0	103.3
13-3-1954 ..	368.9	468.7	354.7	372.6*	686.1	393.3*	90.4	101.5	87.8	102.3
20-3-1954 ..	371.3	459.8	355.6	375.7	686.3	394.0	90.4	101.4	88.0	102.3
27-3-1954 ..	378.0	461.4	357.2	375.8	690.0	396.8	90.4	101.4	88.1	102.6
3-4-1954 ..	380.5	464.0	358.7	377.0	703.9	399.0	90.6	101.4	88.3	102.9

c Average of weeks. *Revised.

†Economic Adviser's Series. ††Reserve Bank Series.

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	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	387	147	351	147	156	..
1953 February	334	351	264	136	334	459	380	144	351	144	150	141
March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	141
1954 January	346	363	269	139	325	442	377	—	353	—	—	—
February	—	348	257	139	316	432	—	—	353	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	18-4-1954			11-4-1954			4-4-1954			27-3-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	94-10	93- 0	93-14	95- 6	91- 4	93- 9	91- 6	89- 6	90- 7	89-10	87-14	88-15
Silver (per100 fine tolas)	173- 7	169- 5	170-14	173-14	169-15	171-11	169- 3	167-10	168- 8	168- 9	165-13	167- 1

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52:91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
1949-50*	(5,58)	(—)	(5,58)					(90)		(5,58)
1950-51*	1,128,94	24,00	1,152,94	40,02	647,04	687,06	59.59	50,53	415,36	1,152,94
1951-52*	1,163,21	17,19	1,180,40	40,02	624,70	690,36	56.31	57,21	458,47	1,180,40
1952-53*	1,189,84	27,78	1,217,62	40,02	625,27	665,29	54.64	63,98	488,36	1,217,62
Average of Fridays	1,114,84	27,87	1,142,72	40,02	564,40	604,40	52.89	80,22	458,08	1,142,72
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1.116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
March ,,	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57.22	93,12	421,34	1,202,63
Week Ending										
26-2-1954	1,171,43	22,28	1,193,70	40,02	638,15	678,17	56.81	94,19	421,34	1,193,70
5-3-1954	1,190,57	12,00	1,202,57	40,02	648,15	688,17	57.22	93,06	421,34	1,202,57
12-3-1954	1,194,00	8,27	1,202,27	40,02	648,15	688,17	57.24	92,76	421,34	1,202,27
19-3-1954	1,190,11	12,40	1,202,51	40,02	648,15	688,17	57.23	93,00	421,34	1,202,51
26-3-1954	1,185,92	17,23	1,203,16	40,02	648,15	688,17	57.20	93,65	421,34	1,203,16
2-4-1954	1,207,74	10,63	1,217,67	40,02	658,15	698,17	57.34	98,16	421,34	1,217,67

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	485
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	414
1949-50*	(14,33)	(3.04)								(1)				
1950-51*	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
1951-52*	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
1952-53*	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
Average of Fridays	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
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22.49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
March ,,	80,90	42,08	40,44	42,99	206,41	24,92	241,32	12,72	10,46	99,86	1,12	39,83	68,70	8,64
Week Ending														
26-2-1954	86,06	28,66	41,17	63,87	219,75	23,46	253,22	22,58	10,70	106,82	1,11	32,02	71,48	8,51
5-3-1954	94,75	21,67	39,26	42,62	198,30	24,27	232,57	12,18	9,43	94,81	1,47	34,79	71,30	8,58
12-3-1954	99,06	21,51	41,21	42,79	204,57	23,57	238,13	8,49	10,94	97,92	2,01	39,19	70,96	8,62
19-3-1954	64,02	62,56	38,89	42,78	208,24	26,74	244,98	12,65	10,74	101,88	48	44,24	66,36	8,63
26-3-1954	65,77	62,59	42,41	43,76	214,52	25,08	249,60	17,55	10,74	104,82	51	41,10	66,16	8,72
2-4-1954	63,59	38,95	42,06	44,66	189,26	27,06	226,32	10,84	11,33	96,04	1,01	32,30	65,84	8,96

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

SCHEDULED BANKS

(Rs. in Lakhs)

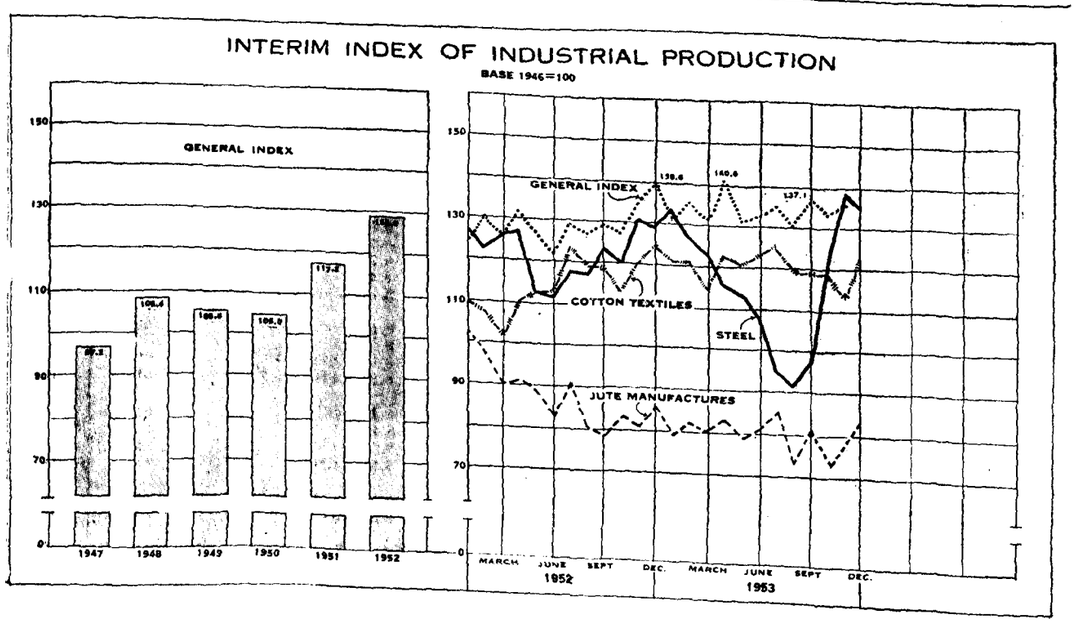
Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (1+2)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39* ..	123,81	103,30	227,11	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	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	61.77	303,48§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315,32	841,35	32,64	43,06	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
Week Ending										
11-9-1953 ..	526,79	330,34	857,13	30,54	48,01	9.16	423,30	44,43	54.51	329,15
18-9-1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42,45	54.45	333,16
25-9-1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2-10-1953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-1953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16-10-1953 ..	520,35	332,92	853,27	30,06	50,34	9.42	420,89	38,62	53.85	336,15
23-10-1953 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16
29-1-1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5-2-1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12-2-1954 ..	513,66	330,41	844,07	32,60	39,40	8.53	461,68	53.56	61.04	320,61
19-2-1954 ..	522,30	331,20	853,50	31,96	39,84	8.41	462,46	55,88	60.73	320,14
26-2-1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	458,52	62,89	61.19	319,23
5-3-1954 ..	522,74	330,71	853,45	32,13	37,38	8.14	461,30	66,30	61.82	318,76
12-3-1954 ..	525,76	329,57	855,34	31,75	40,19	8.41	466,18	64,16	62 00	318,03
19-3-1954 ..	518,74	327,14	845,88	30,93	38,60	8.22	470,51	66,51	63.49	317,10
26-3-1954 ..	528,89	327,57	856,46	32,07	40,83	8.51	469,85	68,34	62.84	318,87
2-4-1954 ..	541,51	325,41	866,93	31,38	50,45	9.44	472,23	73.27	62,92	318,83
9-4-1954 ..	539,86	327,84	867,70	31,26	41,56	8.39	477,93	74,23	63.64	316,33

*Undivided India §Average of weeks from November 1951 †Including Bills Discounted

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		..	105·8	99.7	99·4	99.9	84·8	108.9	108.5	80.5	136.3	97.4	127.8	165.8	04.6	438.9
1950		..	105·0	91.1	85·9	93.8	76·8	110.8	105.8	72.8	169.5	102.7	127.0	170.8	111.2	971.7
1951		..	117·2	101.3	95·4	104.3	80·4	118.8	120.8	87.2	207.2	124.4	140.2	178.2	116.0	1,531.9
1952		..	128·9	113.8	106·0	117.7	87·4	125.4	161.9	83.8	229.3	129.7	147.6	160.1	122.0	897.9
June	1951	..	116·7	104.0	97·2	108·7	79.9	112.6	345.5	94.7	206.8	126.6	143.0	183.9	111.4	1,288.8
July		..	114·4	102.6	95·8	105·6	77.4	103.1	N	85.7	199.9	120.7	139.8	177.0	109.3	1,383.0
August	,,	..	120.4	104.6	98·0	107·9	81.8	114.9	N	92.9	202.5	123.5	141.8	186.3	121.9	1,458.3
September	,,	..	118·3	103.0	97·3	105.9	74.1	122.5	293.8	91.0	213.1	129.9	132.4	178.7	116.1	1,946.1
October	,,	..	111·9	98.6	94·4	100.7	74.8	113.8	211.6	74.5	218.8	126.7	119.2	177.8	118.9	1,486.1
November	,,	..	123·7	102.4	99·3	103.9	91.6	123.3	313.3	79.3	230.4	130.4	140.3	186.1	111.0	1,818.8
December	,,	..	128·2	103.9	100·9	105.4	91.1	125.1	154.2	83.0	233.7	134.4	132.7	211.7	123.0	2,051.8
January	1952	..	123·4	102.2	98·6	104·1	99.6	130.2	110.2	81.2	218.7	135.4	140.0	183.3	128.2	1,672.6
February	,,	..	129·0	107.4	102·4	110·0	97.1	140.6	121.9	89.7	202.5	128.8	148.4	125.6	122.2	1,631.5
March	,,	..	125·5	101.8	96·7	104·4	89.9	125.4	163.9	79.1	222.0	123.6	139.4	129.9	124.9	1,440.5
April	,,	..	131.7	110.3	103·2	113·9	91.6	134.5	488.6	87.1	235.4	133.8	155.3	122.2	127.6	912.4
May	,,	..	126·8	112.3	100·6	118·1	89.3	129.7	1493.3	81.1	217.7	121.5	150.0	173.2	112.6	807.3
June	,,	..	121·6	112.4	101·5	117·9	82.5	120.3	2445.5	80.6	218.1	118.6	150.6	174.6	111.1	362.4
July	,,	..	128·9	123.3	113·9	128·0	91.0	116.9	..	75.8	246.3	130.8	152.6	149.0	117.6	809.8
August	,,	..	126·7	119.2	109·4	124·1	80.6	115.8	..	74.8	236.0	131.2	146.3	141.5	117.2	1,188.2
September	,,	..	129·1	118.5	110·3	122·5	78.6	116.8	431.3	81.7	244.6	136.5	137.8	194.8	123.9	487.5
October	,,	..	127·6	113.3	105·6	117·1	83.4	121.6	183.7	85.4	223.4	132.7	142.8	167.6	120.5	552.5
November	,,	..	134·6	120.1	112·6	123·9	80.9	121.8	137.0	97.9	242.5	130.7	154.7	174.8	130.5	500.5
December	,,	..	138·6	124.0	117·1	127.5	85.5	131.9	127.4	91.5	244.3	133.1	155.5	183.8	129.1	527.3
January	1953	..	131·1	121.1	113·0	125·2	78.9	126.7	107.6	98.6	224.7	129.4	152.4	173.7	133.5	311.8
February	,,	..	135.9	120.8	110·0	126.2	82.1	138.1	116.8	75.1	225.3	129.9	161.7	175.9	127.3	222.7
March	,,	..	131.1	114.1	101.9	120.2	80.4	125.3	168.0	74.9	225.6	126.5	153.2	130.4	123.8	495.4
April	,,	..	140.6	122.6	108.3	129.8	83.0	136.6	460.9	83.7	224.0	134.2	152.1	147.1	115.9	311.8
May	,,	..	131.1	120.4	107.1	127.0	78.4	130.2	566.1	71.3	247.2	122.3	150.1	162.6	113.5	344.5
June	,,	..	132·8	122·9	111·0	128.8	81·3	122.6	136.4	74.4	251.4	121.6	151.0	155.0	107.8	522.3
July	,,	..	136·2	125.7	114·4	131·3	84.8	112.2	..	71.7	262.8	147.0	150.7	193.9	94.6	741.8
August	,,	..	130·9	119.5	109·6	124·5	73.6	111.9	..	77.9	234.4	137.7	126.4	206.9	91.2	887.6
September	,,	..	137·1	119·5	111·9	123.3	81.7	125.1	11.9	77.9	243.0	147.7	138.0	202.8	96.4	1,242.0
October	,,	..	133·2	118.9	111·5	122.6	72.2	119.7	32.7	87.5	251.3	136.4	119.5	202.3	121.2	1,430.7
November	,,	..	135.5	112.1	106.8	114.8	77.1	112.7	176.7	74.9	266.6	124.0	133.2	208.7	138.0	1,223.8
December	,,	..	..	123.2	116.2	126.8	84.1	128.9	127.0	94.8	282.7	..	134.4	..	134.4	1,737.5



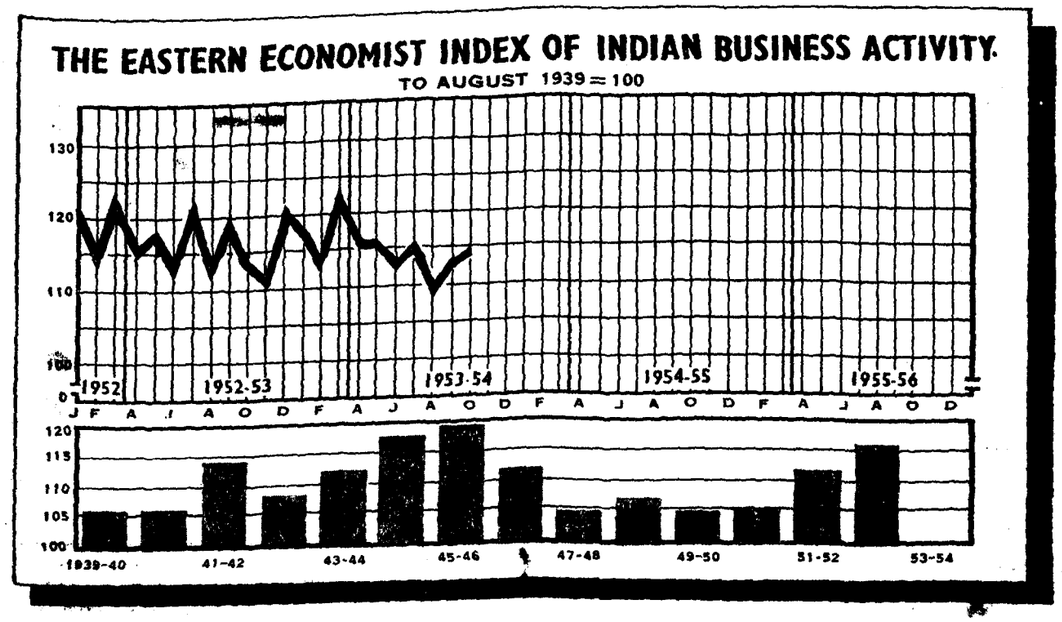
THE "EASTERN ECONOMIST" INDEX OF INDIAN BUSINESS ACTIVITY

(Year Ended August 1939=100)

	Industrial Production	Imports	Exports	Merchant Shipping		Cheque Clearances	Note Circulation	Inland Transport	GENERAL INDEX
				Entered	Cleared				
WEIGHTS	46	3	3	1	1	18	5	23	100
1939-40	110.3	95.2	100.3	91.1	91.4	101.8	97.9	102 9	105.2
1940-41	114.2	74.9	84.4	60.5	65.7	93.2	112.8	111.0	105.7
1941-42	123.2	68.7	91.0	51.8	66.7	99.1	119.2	123.5	113.5
1942-43	125.5	35.7	59.5	33.0	34.3	86.8	170.6	123.5	108.0
1943-44	126.8	36.1	50.9	36.7	27.1	93.5	186.7	124.7	111.5
1944-45	121.7	66.6	50.7	61.4	36.4	114.0	225.4	124.6	117.0
1945-46	120.0	73.3	59.1	63.6	37.7	117.2	269.7	128.1	119.7
1946-47	105.0	67.1	61.8	51.7	48.5	126.6	252.3	118.5	111.9
1947-48 a	105.9	85.0	65.2	69.7	62.8	101.3	227.5	98.4	104.0
1948-49 a	115.9	91.2	53.2	48.3	69.3	87.1	195.9	110.8	107.3
1949-50 a	109.5	99.1	58.3	82.5	67.9	77.8	178.2	121.4	104.3
1950-51 a	104.0	90.1	65.5	81.9	75.6	78.5	182.6	133.7	104.9
1951-52 a	115.4	115.6	53.0	92.4	75.8	87.3	180.3	140.8	114.6
1952-53 a	121.3	85.6	60.9	87.8	95.8	81.6	194.3	144.1	115.9
1951-52									
June	110.7	106.5	49.6	83.8	80.7	83.4	180.0	138.6	110.0
July	112.7	110.9	48.5	86.1	58.9	85.7	177.6	127.7	109.1
August	116.7	111.3	52.5	82.3	81.0	82.9	175 5	183.1	115.4
September	110.7	107.0	52.1	97.7	71.2	82.1	172.9	142.8	110.4
October	112.3	107.8	42.4	95,1	69.7	80.0	171.2	142.4	109.8
November	117.2	110.7	58.6	91.9	73.5	86.9	172.7	152.1	116.7
December	121.2	124.1	49.5	104.2	89.9	82.7	177.0	151.0	117.6
January	122.6	142.2	60.4	96.9	80.6	92.6	181.2	140.0	119.8
February	115.7	123.2	45.7	101.3	66.1	89.2	186.7	150.6	113.6
March	117.6	136.4	55.1	105.5	92.7	98.8	203.6	161.9	123.3
1952-53									
April	119.5	121.2	42.4	102.5	84.2	89.6	203.7	130.1	114.7
May	119.1	118.3	60.6	101.3	88.5	88.7	207.3	143.5	118.2
June	115.3	94.0	61.3	102.0	85.0	77.2	201.2	154.7	112.3
July	126.2	90.4	66.0	91.7	88.6	87.7	192.0	158.7	122.4
August	120.9	97.3	70.5	78.6	92.8	73.5	185.6	128.1	111.1
September	118.4	75.6	62.1	96.1	87.6	77.0	183.4	139.2	111.9
October	121.7	75.4	66.8	76.7	108.7	78.3	183.4	136.6	113.4
November	124.3	65.0	54.1	72.5	101.1	73.6	185.4	131.2	110.9
December	128.7	71.9	63.6	74.6	109.5	83.8	193.0	152 5	120.8
January	125.6	70.5	61.2	90.6	108.0	82.2	198.7	142.8	118 5
February	116.0	65.1	54.5	75.9	90.7	77.2	199.0	140.9	113.1
March	120.4	82.4	68.2	91.6	105.3	90.4	199.1	172.5	123.3
1953-54									
April	119.8	100.2	53.9	104.7	113.3	86.4	203.4	133.9	115.3
May	121.8	95.7	56.6	89.6	109.8	77.2	197.8	145.0e	115.6
June	118.4	85.2	54.4	91.6	105.4	74.9	192.4	145.0e	113.0
July	121.6	91.0	57.0	93.9	109.1	79.3	184.6	145.0e	115.5
August	115.9	88.0	53.6	84.0	101.8	67.5	179.4	145.0e	109.2
September	117.7	80.5	67.6	79.4	105.5	74.6	181.8	145.0e	112.4
October	122.8	81.8	66.5	99.5	114.4	72.9	186.6	145.0e	114.8

e Estimated

a Average of months



SEA AND AIR-BORNE TRADE OF INDIA

Composition of Trade (Rs. in thousands)

	IMPORTS				EXPORTS (including re-exports)			
	Month of December		9 months April–December		Month of December		9 months April–December	
	1952	1953	1952	1953	1952	1953	1952	1953
I. Food, Drink & Tobacco								
Fish (excluding canned fish)	1,02	1,30	14,91	11,50	51,23	31,72	2,91,58	3,07,68
Fruits and Vegetables ..	60,92	1,10,15	5,13,94	6,83,04	1,44,15	1,04,44	13,53,19	11,48,95
Grain, Pulse and flour* ..	5,58,63	38,78	134,49,52	62,68,73	—	28	8	2,66
Liquors	9,45	9,95	1,24,31	1,19,37	21	39	4,14	3,40
Provisions & Oilman's stores	21,67	1,09,02	4,60,52	7,36,31	16,68	18,22	1,24,26	1,12,59
Spices	23,98	36,23	2,95,86	4,50,57	1,81,73	1,19,38	14,20,21	10,22,45
Sugar	2	2	7	23,70	10,09	32	3,74,60	10,09
Tea	61	15	8,74	9,35	6,84,04	13,37,37	58,20,88	80,45,94
Other Food and Drink ..	4	27	2,99	80	7,30	40,01	1,78,49	81,11
Tobacco	16,24	5,31	1,34,20	45,93	89,39	70,51	11,69,37	10,14,44
TOTAL, CLASS I. ..	6,92,59	3,11,18	150,05,06	83,54,20	11,84,82	17,22,64	107,37,21	117,49,31
II. Raw Materials and Unmanufactured Articles								
Coal	—	—	15	—	46,41	25,97	6,32,16	3,25,56
Other non-metallic mining products, etc. ..	68,79	35,86	5,24,81	2,27,95	85,27	1,08,58	7,48,74	7,71,42
Fodder, Bran and Pollards ..	24	54	5,83	3,31	—	40	—	80
Gums, Resins and Lac ..	7,19	21,42	59,13	1,10,67	76,30	73,45	6,31,41	5,53,57
Hides and Skins, raw ..	1,58	2,62	11,56	24,66	52,56	48,97	4,23,10	4,41,86
Metallic ores and scrap iron	46	2,89	19,52	10,60	4,15,01	3,57,11	26,54,66	29,34,66
Oils of all kinds ..	9,19,04	7,75,25	64,59,69	68,81,93	2,20,95	23,35	19,90,38	5,27,04
Paper-making materials ..	10,49	1,82	62,87	82,62	2,82	5,24	31,31	29,17
Rubber, raw or crude ..	5,96	1,44	83,04	6,56	2,23	70	3,94	2,25
Seeds (including nuts for oils)	6,52	29,76	1,89,26	3,00,39	14,57	7,05	3,21,20	1,44,36
Tallow, Stearine and Wax ..	8,63	5,09	49,87	84,59	52	14	4,40	3,97
Cotton, raw and waste ..	5,39,71	1,56,40	65,97,86	39,16,04	1,55,10	1,86,78	22,61,63	13,66,11
Jute, raw ..	75	33	5,80	4,41	—	—	1	—
Silk, raw and waste ..	1,60	2,36	63,56	50,89	2,79	5,14	10,00	24,70
Wool, raw and cocoons ..	7,17	6,78	42,88	1,31,48	99,08	1,00,41	6,88,01	5,21,57
Other textile materials ..	1,69	31,27	87,22	2,56,10	10,74	9,24	1,13,27	68,54
Wood and Timber ..	19,16	19,26	1,71,55	1,46,36	11,19	10,52	81,18	80,70
Miscellaneous ..	30,66	24,78	1,81,62	3,50,89	57,85	54,95	4,52,33	4,83,25
TOTAL, CLASS II ..	16,29,64	11,37,88	146,16,22	126,01,43	12,53,47	10,18,19	110,47,48	82,86,53
III. Articles Wholly or Mainly Manufactured								
Apparel	4,09	4,41	35,45	30,01	46,71	29,97	2,89,13	2,49,31
Arms, Ammunition & Military Stores	17,69	20,16	2,64,38	1,51,11	—	1	4,05	8
Chemicals, Drugs and Medicines	1,72,37	2,06,49	19,94,91	19,28,75	68,67	53,57	3,37,14	3,64,05
Cutlery, Hardware etc. ..	97,03	1,24,48	10,70,01	11,22,48	19,35	24,43	2,10,26	2,05,30
Dyes and Colours ..	46,59	1,82,90	8,79,30	14,20,25	9,19	7,20	81,05	51,01
Electrical Goods and Apparatus	1,00,04	80,54	9,76,26	10,19,04	3,39	3,70	25,42	33,62
Furniture, Cabinetware, etc.	7,16	3,17	86,57	52,65	2,78	2,57	15,25	19,68
Glassware and Earthenware	12,76	18,03	1,36,92	1,24,20	2,11	1,88	19,78	18,35
Hides and skins, tanned or dressed, and Leather ..	47	3,27	11,34	22,68	1,77,45	2,45,60	12,84,23	17,85,22
Machinery of all kinds ..	7,21,40	7,17,94	65,61,03	64,68,88	10,14	9,57	1,09,40	82,22
Metals—Iron & steel & Manufactures thereof ..	1,66,69	7,17,40	18,93,71	18,22,61	12,55	3,17	1,00,67	82,93
Metals, other than Iron and Steel and Manufactures thereof	1,25,51	92,62	14,22,90	10,67,44	86,90	[illegible] 12,73	1,14,61	1,52,31
Paper, Pasteboard and Stationery	1,15,27	1,03,01	9,61,30	9,39,01	18,12	2,80	62,53	54,64
Rubber manufactures ..	2,15	5,61	35,74	27,65	13,92	13,29	1,07,02	1,34,43
Vehicles (Excld. locomotives)	2,04,93	2,09,80	23,20,40	15,90,18	5,98	9,45	59,22	1,06,20
Cotton yarns & manufactures	32,47	38,37	3,88,45	2,21,67	4,87,48	6,24,41	56,87,94	50,91,57
Jute yarns and ,, ..	3	—	1,15	21	7,45,65	10,07,41	105,58,25	86,66,63
Silk yarns and ,, ..	64	77	7,57	11,54	1,33	2,79	14,45	20,34
Woollen yarns and ,, ..	52,36	59,52	5,21,97	7,70,64	31,85	39,27	2,24,80	3,24,43
Other yarns & textile fabrics	62,78	1,02,31	7,21,44	10,43,00	36,01	33,31	2,29,64	2,95,73
Miscellaneous	73,06	80,86	7,76,35	7,76,10	1,80,86	1,41,58	11,39,00	12,08,80
TOTAL, CLASS III ..	20,15,47	22,71,64	210,67,15	206,10,10	19,60,46	22,68,73	207,63,84	186,46,84
IV. Living Animals ..	49	2,09	8,74	9,63	6,43	4,19	36,45	33,65
V. Postal Articles and baggage not specified	25,87	33,17	3,30,09	2,80,08	29,32	45,13	2,74,34	2,81,04
GRAND TOTAL ..	43,64,06	37,55,96	510,27,26	418,55,45	44,34,51	50,58,87	428,59,31	392,97,38

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

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi. Editor:—E. P. W. da Costa, M.A. (Oxon.)

SECRETARIAT LIBRARY 5 MAY 1954 GOVERNMENT OF INDIA

AIR FREIGHT EDITION

THE Eatern Economist

VOL. XXII. NO. NEW DELHI: APRIL 30, 1954. ONE RUPEE

CONTENTS

	Page
LEADING ARTICLES :	
BOOMERANG VIDEND LIMITATION	701
THE GENEVA CONFERENCE	703
THE AGRICULTRADE MISSION	704
THE WEEK'S NOTE	705
Yoshida Cabine ives *Challenge;* Senate Commit ndian Aid; The Soviet Spy ano nscience; Commonwealth Dev t; Land Settlement in Bhop ilities *for New* Industries.	
WORLDGRAM AND N BRIEF ..	709
A WINDOW ON THD	
Odysseus on "Whi Wither) Away the State?"	713
SPECIAL ARTICLES :	
THE ROLLING READJUSTMENT ..	716
INDUSTRIAL PRODUCTION	716
THE BUSINESS WORLD :	
Deadlock in Paris	718
Nationalised Industry	718
Finance Through Insurance	720
BUSINESS NOTES	722
Transport for Industry; Indian Aluminium; Dunlop's Expansion; Minimum Wages; Protection for Pickers; The Paint Industry; Madras Stock Exchange; Investment Allowance for British Shipping; Employees' State Insurance Scheme Modified; Fewer Man-Days Lost; Tata-Mercedes-Benz.	
COMPANY AFFAIRS	725
COMMODITY NEWS AND NOTES	726
CURRENT STATISTICS	731

Boomng on Dividend Limitation

THE sharp reaction l in the stock exchanges to Mr. Ananthasal yangar's reference in the House of the Peop end limitation and to the Finance Minister's nodating reply should ive members of the ex d the legislature cause riously to think. Ap e question of the adisability or otherwise limitation in general, ere is involved in t problem of timing, hich both Mr. Anan h Ayyangar and the inance Minister failed ate.

Let there be no mistake about it. The climate of opinion, both national and international, is anything but favourable to dividend limitation. All over the world, the taxation of profits has been adjusted on the other hand in a way which is favourable to industry and business, or rather less unfavourable than it used to be. At the beginning of this January, for example, the excess profits tax expired both in the United States and the United Kingdom. The West German Government has also just announced liberal reliefs in income-

tax; and both the United States and the British Governments have granted some reliefs, like an increase in the period allowed for the carry-forward of losses and the tax-free investment allowance. Ideas about dividend limitation can, therefore, be described in the context of current economic developments as outmoded.

The last British attempt in this direction was unhappy. The Socialist White Paper, which made proposals in July 1951, to limit dividends to a standard of 5 per cent or the average of the preceding two years, with, however, a higher ceiling at the rate of 7 per cent in the case of new companies, proved to be abortive fortunately, in view of the subsequent general election. The controversy which followed the Socialist announcement was, however, acrimonious; and in retrospect it can be seen that these abortive proposals could not have had much, if any, anti-inflationary effect.

Within India itself, the Public Companies (Limitation of Dividends) Act lapsed unlamented at the end of March 1950. It is doubtful if experience over the period of less than two years for which it remained in force can be regarded as justifying the statement which was made this week by the Finance Minister, that "it is possible to review these matters time and again".

The reasons are not far to seek. It is impossible in practice for any legislative attempt to limit dividends not to recognise the existing structure and tradition of company finance. Dividends, in other words, can be limited at best only to the average of a preceding period, or in the case of new companies to a standard rate say, 5, 6 or 7 per cent. The curb will be useless unless it can be effective over a fairly long period; and over any such period, it cannot well be maintained without psychologically upsetting the capital markets and thus destroying enterprise. Within the limitations of what is practicable, the utility of the curb, if imposed, can at best be marginal from the point of view of the state or the economy.

Other reasons against the proposal can also be found. In the process of saving a few odd crores of corporate profits temporarily for some time, any interference at the present time is certain to promote many undesirable trends in finance in the private sector. There is no guarantee, for example, if at all a ceiling is enforced, that this will not encourage attempts to spend money in wasteful ways, thus whittling down the profit. Moreover, it is very often overlooked that if in fact the investor gets a dividend to which he cannot morally be entitled (a hypothesis which can be challenged) the money which he thus earns will normally be re-invested back in industry. In fact, interference with the freedom of disposition of profits is a comparatively crude method of bringing about investment. It limits the freedom of the investing class; and, sooner rather than later, this is bound to produce distortions. If distortions have not appeared in the Indian economy so far this is due only to the fact that the enthusiasm for dividend limitation when it was discovered about six years ago, proved to be short-lived.

From the point of view of the individual companies concerned, there is even more to say. Any attempt to freeze an existing position is bound to be irksome to any corporate body, which is not placed in the happy position of being able to regard the crucial period for averaging, which is chosen by the state, as a normal period in its own history. There will be hard cases, therefore. What justification can there be for anyone to seek what is at best a dubious and marginal advantage, at the cost of multiplying these hard cases?

It is difficult to establish justification. Indeed, the elaborate study of company finance in the steel industry, which has been undertaken recently by the Association of Indian Trade and Industry, proves in fact the contrary case. In the triennium ended 1951, the index for dividends, distributed according to this study, declined to 73 (with 1937-39 as the base). Over the same period, the percentage share which dividends claimed out of the revenue also declined from 18.8 to 4.2. These figures are vitally relevant, if only because of the position which the steel industry's shares occupy on the stock exchanges; it is most unrealistic to take the view that the investor in India has been pampered.

The idea that the investor has been pampered dies, however, very hard. It is based in part on the increasing tendency everywhere to believe that profits cannot somehow be moral, unless they are unconscionably low. It is not possible to deal with this belief in purely rational terms. The need to restore the status of the private sector, which has been felt recently in other countries, is, however, significant. The hard realities of the situation as well as recent empirical experience are, nowadays, enforcing on governments, whether they are willing or unwilling, a more kindly attitude towards profits. If this country hopes at all to learn from experience elsewhere in the world, it cannot overlook these recent trends.

Perhaps, also, a vague hostility to profits is not the only reason. Legislators, like others, tend to look with suspicion on stock market booms, real or imagined. It is necessary, therefore, to point out also that international influences and expectations—like, for example, an anticipated fall in interest rates, whether this anticipation is justified or not—may sometimes explain stock-market sentiment. On any fair analysis of market trends, it will soon be apparent that a simple explanation of ups and downs in these terms is much more satisfactory than any facile assumption, if it is made, that stock-market values rise because dividends have also risen. Prima facie, there is no evidence for this assumption.

It is most interesting in fact that the case for dividend limitation has not only not been statistically proved, but that even an attempt in this direction has not so far been made. The conclusion is, therefore, natural that the official tendency to consider with sympathy proposals to limit dividends from time to time is not really based on the conviction that corporate profits are being squandered, or on the belief that these profits can be conserved and usefully applied for nation-building purposes, if only the state chooses to intervene. Far too often, here, as in the United Kingdom, the inspiration is only political. Sooner or later, a stage is reached when this must be frankly recognised.

Notwithstanding five years interspersed generously with political indiscretions, the stock exchanges of this country are today still susceptible to attacks of nerves, following on political pronouncements even when they are nowhere near implementation. But after six years of democracy, both the executive and the legislature should now be aware of the influence they command and also of the fears and hopes of the private sector. There is, perhaps, no need for jitters on the stock exchanges. But equally, there is no need for vain thrusts at the private sector. What needs to be recognised is that good sense has not been exhibited in the debate last week.

The Geneva Conference

In spite of the dismal forebodings of deadlock even at the beginning of the Geneva Conference, the proceedings have started smoothly after a businesslike agreement on the chairmanship and the procedure. This news has been viewed everywhere as reassuring and doubtless the desire will be widespread that the prophets of gloom should be similarly falsified over the final outcome of Geneva. It would be easy to extend our optimism. After all, the Communist Powers could have, if they had wished, started a wrangle over the questions of chairmanship and the status of China. But, as at Berlin, procedure was no longer the obstacle. Still, as at Berlin again, wholly new and extraneous issues may be raised even at the fag end, if the proposals under negotiation involve Communist sacrifices in return for nothing, as they did on Austria and Germany. But neither side in the negotiations at Geneva can fail to take account of the feeling that the failure or success at Geneva would be more far-reaching in its consequences than the failure of the Berlin talks on European security, which the rest of the world had more or less taken for granted.

This mood of anxiety about the outcome of the Geneva Conference is largely due to the problem of Indo-China. It is now assumed that the surrender of the French stronghold of Dien Bien Phu might be inevitable and perhaps only be a matter of time. Even if the importance of a French victory over this fortress has been unduly exaggerated, a fierce Viet-Minh attack on this area—after Ho Chi Minh's offer of armistice and the convening of the Geneva Conference to discuss Indo-China—was obviously such as to raise suspicions. What has made this long drawn-out seven years' war in Indo-China become suddenly vital is the American reaction to a mounting Communist offensive in Indo-China, in which Western opinion has largely acquiesced, with differences only of emphasis. The concern over the latest developments has overshadowed all the other issues that are due for discussion at Geneva. And in India also, the Prime Minister's six-point plan for Indo-China formulated on the eve of the Geneva Conference has acquired priority over the Korean question with which India has been more directly and intimately concerned in recent years.

It has been apt to be forgotten—until the delegates of the two Koreas fired their opening shots at Geneva this week—that this was only the postponed political conference that was visualised under the Korean armistice agreement but could not be convened for lack of agreement on the participants. The Indo-China problem was added only as a second thought at the Berlin Conference, though it has since assumed greater urgency. The exchange of views on Indo-China which will continue in the background during the next few weeks in Geneva when the Korean problem alone will be publicly discussed, may largely influence the final outcome of the negotiations at Geneva. Either of these questions could reveal whether there is a mood of compromise on the Communist side in order to secure a peaceful settlement of the major differences. If the existence of that mood would be detected, the prospects for continuance of negotiations on all other outstanding issues of the cold war would also be enhanced.

There would, however, be differences on how the progress of the negotiations would be interpreted. Should the Western Powers assume that Communist agreement on Korean unity, on their own conditions, would be the minimum token of Communist good faith? The drawback in this assumption would be that the Korean problem is essentially a repetition of the German problem in Europe and the chances of agreement on free and fair elections as a prelude to unification are not brighter in Korea. The circumstances which compelled both sides in the Korean war virtually to accept the 38th Parallel as the line of demarcation of their respective spheres of interest have not disappeared. Any scheme for Korean unity which offers nothing in return for the surrender of Communist control over North Korea by unification has hardly chances of acceptance, and, at the moment, there seems to be no method by which a suitable quid pro quo can be established. In an age when partition has become the general panacea for such difficult situations, it is hardly surprising to hear a permanent division recommended as generally "fitting the facts" of the situation.

In any case, this basic difficulty over Korea should be reason enough to regard the problems of Korea in a different light from those of Indo-China. Insufficient progress on Korea need not necessarily rule out success on Indo-China; a satisfactory approach on the latter may even help the parties to accept even an imperfect solution to the Korean question with better grace. The merit of the six-point Indian plan is that it provides a rough basis on which detailed solutions may be attempted. The lesson of Korea was that limited military intervention by the Great Powers in the spheres of their interest could lead to a stalemate, unless resolved by total war. Total war has now become much more to be dreaded than it was four years ago when the United Nations directly intervened in Korea to check aggression. When these basic facts are realised, there can be no aversion to a negotiated settlement which saves the display of warfare to secure diplomatic gains.

The real effect of the proposal for a Western declaration of intervention in Indo-China as a counterblast to increasing Chinese intervention is to give advance intimation that the Korean episode may be re-enacted if circumstances forced such a course. The Indian plan has, therefore, put forward a basis for the declaration of non-intervention by all the Great Powers, and for its effective implementation by international authority, while negotiations continue among the parties mainly concerned. The value of the Geneva Conference and the Indian plan lies in the fact that it takes a highly explosive issue to the Conference table instead of allowing it to be explored on the battlefield as in Korea.

There may be no particular reason to expect that the Communist negotiators will be in an accommodating mood at Geneva. But so far, the Soviet Union has been the only spokesman on the other side in all high-level talks. The presence of the representatives of the Chinese People's Government at Geneva for the first time may not make any great difference. But if the net outcome is to introduce the same intransigence that prolonged the Korean armistice talks at Pan Mun Jon, the case of the Peking Government for recognition and representation could only be weakened further. It is hardly likely that either side would lose any propaganda initiative to the other either in the manner in which settlements are reached or deadlocks are created. On the Indo-China question, however, the tests of the intentions of the parties may lie in their reactions to the neutral proposals made by India. This may be evidence for the fact that the neutral Asian countries which have favoured it will be spiritually participating at Geneva even though they have been actually excluded.

The Agricultural Trade Mission

THE Agricultural Trade Mission, led by Mr. Homer L. Brinkley, Executive Vice-President of the U.S. National Council of Farmer Co-operatives, which has held discussions in Delhi this week, is one of the series of U.S. trade missions which have been going around the world to explore the possibilities of expanding trade in U.S. farm commodities. These missions are an integral part of the new farm policy formulated by President Eisenhower in January last. Their chief objective is to explore on the one hand, the possibility of expanding exports of United States agricultural products and, on the other, discover the scope for developing foreign supplies of the products needed by the United States. Such two-way traffic in increased trade would normally be a matter for consultations at the official level, but this mission to Asian countries has been representative mainly of a cross-section of the American private trade. Though they will be travelling as the representatives of the Government of the United States, they have neither the authority to speak officially for their Government, nor the power to conclude transactions for the disposal of American agricultural products. No concrete results can, therefore, be expected at this stage as a result of their discussions with the officials of the Food and Agriculture Ministry. It would yet be possible for the mission to explore in broad terms the scope that exists for the success of its objectives.

Three years ago, India would have been under an overwhelming necessity to regard the approach of such a mission with the greatest interest. The serious food shortage in the country—of which the Bihar famine was a grave symptom—had then compelled the Government of India to seek every source of food supply which promised reasonable terms. The conditions have changed. The coincidence of a larger agricultural production in this country with the larger and growing U.S. farm surpluses has greatly altered the picture. Both in respect of wheat and of cotton, this country has not been under a compulsion to import except in much smaller quantities than three years ago and at more reasonable prices. The increase in internal food production and the prospect of larger rice imports from Burma make it unlikely that even subsidiary food grains like milo and maize would be needed normally. The Indian cotton crop is expected to touch a post-war peak this season, so that only the minimum quantities would be imported of long staples. In terms of bare physical needs, therefore, the mission seems to have an uphill task of finding a wide enough market for the accumulating American farm products.

Dr. Panjabrao Deshmukh has, however, assured the mission that there was no question of any conflict between India's efforts at becoming self-sufficient in food and the preparedness of other countries to give economic assistance for agricultural expansion. What the delegation has sought to discuss is not merely ordinary trade possibilities. The Eisenhower Farm Programme has been based on the assumption that it should be able to start without the handicap of large accumulated surpluses by setting aside $2,500 million worth of the surplus farm products for purposes which will not compete with the ordinary demand for the agricultural commodities. Such a separation is by no means easy, since gifts of these commodities might often compete with the demand for products from American as well as non-American sources, with consequent effects on the world prices of primary products and the difficulty of maintaining even the reduced price supports under the new programme.

So far as this country is concerned, these are not matters for anxiety. There are clearly limits to the demand for foreign food grains or for cotton at present or prospective world prices, so long as present internal levels of agricultural production are maintained or improved upon. But they do not by any means set the final limits to consumption in this country, especially during a phase of increasing purchasing power that is expected under deficit financing of the Plan. With larger availability and lower prices of food grains and cotton, there should be no difficulty of absorption of such larger quantities as may be available by way of aid. Indeed it has been evident since the American Wheat Loan operation of 1951-52 that such forms of aid can be more easily drawn and converted into internal resources for development financing than the various other types of aid. It is in respect of the latter, for example, that the Senate Appropriations Committee has made the complaint that out of $186 millions committed for India up to September 30, 1953, only $34 millions had been drawn. The failure to utilise the available foreign resources is a continuing one and it is pertinent at this stage to seek further aid in ways in which it can be readily translated into resources for development on the one hand and as a supply of goods to counteract inflation, on the other.

Mr. Deshmukh's reference to this subject on Monday in his reply to the debate on the Finance Bill in the Council of States shows that this aspect of the aid has been well recognized. "Without going into details", the Finance Minister said, "I feel there may be a way of doing this in mutual interest. The embarrassment of riches might be lowered in one country and the inadequacy of resources made up in another country. What the order of it will be, it is not possible for me to say, but there is a possibility of additional resources being available on trade resources." The negotiations are in a preliminary stage and the order of magnitude may not be apparent until the Asian Trade Mission, now in India, has integrated its findings with those of the similar groups now visiting Europe and Latin America. But some idea of the total magnitude can be had if we remember that farm products are perishable and have created problems of storage and that the immobilised stocks of food and fibre surpluses set apart for foreign economic assistance and disaster relief amount to $2,500 million, which is about a third of the Commodity Credit Corporation's total borrowing authority.

While this aspect of aid may appear to be of immediate interest in this country, the U.S. missions have also been interested in the export trade in agricultural products that can be stimulated. The trade in spices and plantation products like tea and coffee may offer opportunities for the development of a two-way traffic apart from certain varieties of raw cotton. These are matters of detail which do not arise at this stage. The scheme of assistance and trade has first to be formulated after the conclusion of the fact-finding missions and the U.S. Congress will have to specify the terms on which the agricultural products will be made available and other products will be taken in exchange. But it is clear that so far as India is concerned, there is nothing to prevent the realisation of the objects of this mission. If political considerations intervene, it would be another matter altogether.

THE WEEK'S NOTES

YOSHIDA CABINET SURVIVES CHALLENGE

Though the Yoshida Government has survived one more crisis, the circumstances in which the challenge was made and the conditions on which Prime Minister Yoshida bought support for his party do not promise much stability for his ministry. There have been reports of large-scale bribery of state officials by shipping magnates seeking Government subsidies and hundreds of business men are in detention for corruption. The political crisis had its origin when the Liberal party secretary was saved by the Government from arrest for charges arising out of this scandal. The two Socialist parties could not let slip this great opportunity to table a motion of no-confidence. Though the Progressive party leader Mr. Shigemitsu had hitherto observed the understanding that his party would not help to defeat the Yoshida Cabinet, he has been unable to resist the pressure from his party men to join the opposition. Twenty members of his party have now joined the Yoshida Liberals, causing a more or less permanent split in the Progressive party's ranks.

In one sense, Prime Minister Yoshida's resourcefulness in crossing the hurdles placed in his path from time to time may be viewed a promise of stability of his regime. But if his administration should fall into disrepute because of scandals and graft remaining unchecked, the day of reckoning may come at the next general election. The last election had disclosed the tendency of the Left to gather strength, at the expense of the extremists on the Right and the Left. The prejudice against American policies, caused by the hydrogen bomb tests, may well be directed against the Prime Minister who is the strongest supporter of American defence policies. Immediately these developments must act as a set-back to the schemes for consolidation of the conservative parties proposed earlier this month. It is doubtful whether Progressive leader Shigemitsu will excuse Premier Yoshida's tactics in causing a split in his camp.

SENATE COMMITTEE ON INDIAN AID

It has all along been on the cards that the U.S. aid programme for India for 1954-55 of $104 million would run into heavy weather in Congress because of growing Indo-U.S. differences on international problems. Though the strong reactions in India to U.S. military aid to Pakistan—leading to the demand for the withdrawal of American military observers in Kashmir—were largely responsible for this result, the reactions to the proposed South-East Asian Security Pact and the refusal to grant of air passage for troops to Indo-China, have largely accentuated the tone of criticism of India's responses to U.S. aid. The Senate Committee's report, however, has not pursued this line of criticism exclusively and has, indeed, even prefaced its other comments on the aid operations with the assurance that "no criticism of India is intended either directly or by implication."

This detailed criticism of the aid projects proceeds on the general assumption that the U.S. has assumed responsibility without commensurate control. This point deserves to be examined more closely with a view to eliminating wrong impressions created. The various operational agreements have provided details of the aid specifying the general obligations of the Government of India for administration and provision of rupee funds. The F.O.A. is in a position to appraise the results directly and arrive at conclusions about the efficacy of the aid to serve as a guide in future projects. But in the last resort the actual administration has to be left with the Indian Government and its agencies and it is unlikely that any other course would be acceptable in any aid-receiving country, least of all in Asian countries which have been generally distrustful of foreign aid. So far as India is concerned, there may be legitimate complaint about the slow rate of utilisation of the aid till now granted. But it should serve at the same time to show that aid was not wasted through imprudence, inefficiency or corruption even if it has not always borne full results. This circumspection must, on the whole, please the American tax-payers, though it may indicate a slow tempo of development planning.

The main criticism of the Senate Committee related to the exclusion of American firms in bidding for contracts, for example in tubewell constructions and to the fact that the people in India who have benefited from U.S. aid were not made conscious of it. (It has incidentally been estimated that an American technician costs $25,000 to $30,000 a year, including all expenditure). On all these points, however, there is bound to exist an area of differences which cannot be bridged. What has to be borne in mind is that aid funds or counterpart funds have not been improperly utilised and that attempts at closer control may defeat the purposes of the aid by strengthening those who would be happy to see the aid founder on that score in order to get grist for their distrust of U.S. motives.

THE SOVIET SPY AND HIS CONSCIENCE

The Petrov affair in Australia does not disclose anything essentially new about the worldwide ramifications of the Soviet system of espionage. It bears a close resemblance to the Gouzenko affair in Canada soon after the war, and there has been no reason to believe that the Soviet Union has modified her spy system since. The full details about Petrov's activities have not been disclosed and the Australian Press has been clamouring for information because of its interest in the local connections of Petrov. The dramatic events which ended in the rescue of Mrs. Petrov from the Russian couriers have, meanwhile, heightened the effect of Petrov's action in seeking political asylum in Australia. The disclosures at the same time, of ex-Captain Khokhlov about the existence of an espionage network in Europe are more shocking, but certainly not more incredible. He has confessed that he was sent on a mission to assassinate an anti-Communist emigre in Frankfurt and has surrendered himself to the West along with the diabolical weapons with which the M.V.D. (Russian secret police) is reported to be arming its emissaries abroad. These weapons have been demonstrated at a Press conference and Captain Khokhlov has provided information about the M.V.D. since the execution of Beria, which has impressed Western observers favourably.

The establishment of two headquarters in Europe in East Germany and Austria for such activities might have been calculated to strike terror among the refugees from Communist persecution by creating the fear that they were not safe anywhere. It would certainly deter others from making a bid for freedom. All this reinforces the belief about the rule of terror prevailing inside the Soviet Union, making outside observers accept the worst versions of Soviet terror. The Petrov and Khokhlov incidents provide more powerful evidence about the true character of the Communist regime than much of the present hysterical anti-Communist propaganda in the West. There was a large degree of understanding of the real significance of these developments in the following comment of the London "News Chronicle": "The moral is that the system always will be vulnerable to the sudden and unexpected resurrection of human consciences that were supposed to have been trained into complete submission." It would be crediting the totalitarian dictators with an infallibility which they do not possess to assume that they could train large masses of human beings into accepting for ever

their dictates without question. That is the ultimate hope.

COMMONWEALTH DEVELOPMENT

The Commonwealth Development Finance Company (C.D.F.C.)—set up in London as a result of the Commonwealth Economic Conference of 1952—has, during its first financial year, invested, or negotiated investment, in three major projects, one in Pakistan and two in South Africa. The Pakistani project is the Sui Gas Transmission Company Ltd., to pipe natural gas through the lower Indus valley to Karachi and provide a fuel source for the area's growing industries and agricultural installations. The South African projects are the Electricity Supply Commission of South Africa, for increasing the supply of power to the Rand and the Orange Free State and expanding gold production; and the South African Industrial Cellulose Corporation, for manufacturing pulp from Natal eucalyptus plantations, saving on pulp imports from outside the Sterling Area, and adding to the area's exports. The investments in the projects, when completed, would total some £5,000,000. The company's activities in regard to the three projects are not fully reflected in the accounts (to be presented at the company's annual general meeting this week). Only the £2,000,000 loan to the South African Electricity Supply Commission was actually advanced during the year under review. But the company had conditionally agreed to subscribe approximately £1,000,000 in the Sui Gas Transmission Company.

The intended formation of the C.D.F.C. was first announced at the time of the Commonwealth Economic Conference in December 1952, when the need was stressed for speeding investment in the Commonwealth to develop its resources and improve the Sterling Area's balance of payments position. The company was incorporated in March last year as an instrument of private enterprise formed with Government approval. Of its £15,000,000 share capital, £8,250,000 has been subscribed by 91 industrial, mining, shipping, and banking companies and firms in the United Kingdom, and the remainder by the Bank of England (thus the largest shareholder, though it does not have, or seek to exercise, control). The main objects of the C.D.F.C. are "to provide or procure financial facilities of all kinds for the development of natural and other resources of any part of the Commonwealth". During its first year, the C.D.F.C. received a number of applications, a large majority of which were unsuitable for detailed consideration. But at least three are still under consideration. The C.D.F.C.'s role is primarily to help the financing of development undertaken by private enterprise; it does not, therefore, propose to take direct part itself in such development, and "special emphasis is laid on the provision of expert management by those already engaged in the enterprise concerned". Generally, C.D.F.C. considers financial assistance only in case of applicants who cannot raise capital in the area where the development is taking place; who have provided a reasonable amount out of their own resources; have raised as much as can reasonably be expected through normal market channels (C.D.F.C. policy is to supplement, rather than compete with, existing lending institutions); can provide expert management for the undertaking; and whose projects offer reasonable prospects of being remunerative.

LAND SETTLEMENT IN BHOPAL

The first land settlement scheme in newly reclaimed land in Bhopal State should be an occasion for reflection on the implications of such settlement schemes which are bound to multiply in due course. The first batch of 150 labourers selected for the 10,000-acre Central Farm in Bhopal consists mainly of volunteers. In this case, there is no question of collective or co-operative farming immediately but of State-operated agriculture in a limited area. The labourers are now told that they are liable to efficiency tests which would decide whether they would be retained or replaced. It is proposed to recruit one-half of the workers from within the State and the other half from outside, presumably according to the experience in the several types of farming and the volume of surplus landless labour in other States. But this is essentially an experiment with large-scale farming in which local experience does not exist. The board to be set up by the Agriculture Ministry may have to draw on outside skill in the initial stages and there will be no dearth of voluntary offers of assistance from countries with experience of large-scale farming methods.

The proposal to settle a thousand families of landless labourers on this farm, to enable them to utilise it on co-operative lines and improved methods of cultivation, is to be put into effect after the first five years. The land is to be transferred at the rate of ten acres per family at a nominal price of Rs. 50 per acre. The five years till then will be a period of apprenticeship. As daily wage labourers in the first two years their stakes will not be high; but in the next three years, they are to have a guaranteed minimum wage and a bonus of one-third of the profit-out of the farm. In the next five years they will cultivate as tenants of the land which they will eventually own, and, as tenants, become entitled to a share of two-thirds of the produce. Here is a testing ground for the working of a scheme of farm assistance and incentives. All this perhaps is not strictly according to the principles of Bhoodan, since the eventual ownership will be the spur to cultivation and an impersonal government could only bureaucratise the gifts of land, money and services without the capacity to appreciate its spiritual aspects. But it will work side by side to show the relative virtues and weaknesses of a State project.

FACILITIES FOR NEW INDUSTRIES

The Government of India have been anxious to encourage the establishment of new industries at Faridabad, which is another of the townships that have experienced slackness in economic activity. It has, however, been represented that conditions there are not favourable, because the land prices and water and electricity rates at Faridabad are higher than in other industrial towns. It has been decided to give the following facilities to parties who can satisfy Government that their schemes are sound and that they will be able to carry them out at Faridabad within a reasonable period:

(i) Factory sites will be allotted to industrialists on free-hold basis at Rs. 11,800 per acre. The price may be paid in five equal annual instalments plus interest at four per cent per annum.

(ii) Electricity will be supplied for industrial purposes at the bulk rates charged by the Delhi State Electricity Board from industrialists.

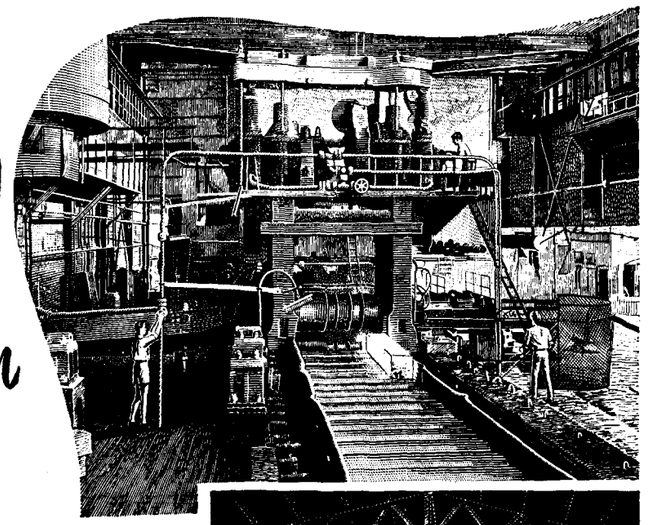
(iii) Water will be supplied at four annas per 1,000 gallons.

In special cases, Government will be prepared to give the following further facilities:

(a) Allotment of land and building for the factory on rental basis for a specified period. The building will be constructed according to the specifications of the industrialist. Rent will be assessed at four per cent on the cost of land and at five and a half per cent on the cost of the building. The industrialist will have the option to purchase the land and building at any time during the period of the lease—the land at its market price and the building at its depreciated value; and

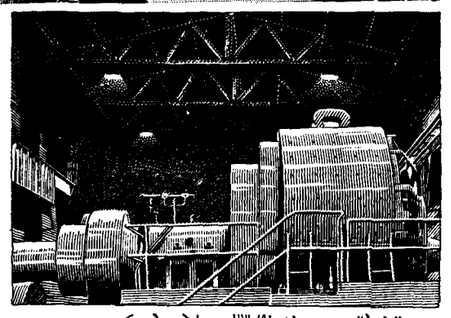
(b) Grant of loans up to 50 per cent of the value of the machinery installed at Faridabad at about four and a half per cent interest for a period of seven to ten years.

These concessions seem attractive enough to encourage entrepreneurs to explore the scope for investment.



Contribution

TO INDIA'S STEEL PRODUCTION

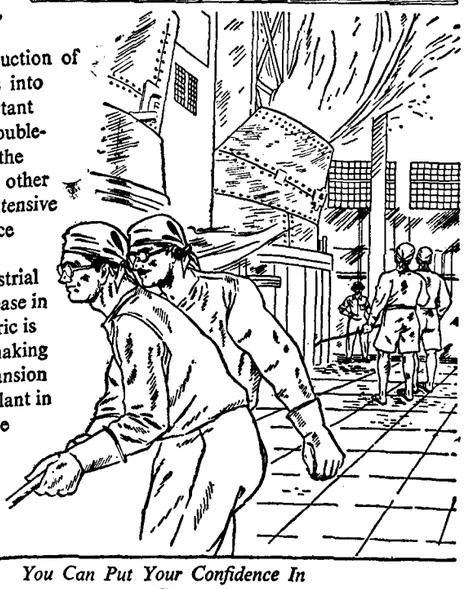


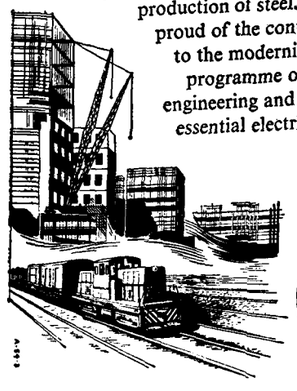
JAMSHEDPUR, CITY OF STEEL

Jamshedpur is India's city of steel. Here amidst the blazing furnaces and roaring machines of the Tata Iron & Steel Company's various works, iron ore, coal and limestone get transformed into steel, life-blood of India's growing industries.

An integral process in the continuous production of steel is the shaping of the red hot ingots into bars. In the blooming mill where this important operation takes place, General Electric double-armature 5600 H.P. motor provides the driving power. In fact, there are many other G.E. motors and controls installed in Tatas' extensive shops, providing equally essential service to the production of steel.

Successful implementation of India's industrial programme calls for a substantial increase in production of steel. General Electric is proud of the contribution it is making to the modernisation and expansion programme of Tata's steel plant in engineering and supplying of the essential electrical equipment.





You Can Put Your Confidence In

GENERAL ELECTRIC U.S.A.

INTERNATIONAL GENERAL ELECTRIC COMPANY (INDIA) LIMITED

BOMBAY CALCUTTA BANGALORE NEW DELHI LUCKNOW AHMEDABAD MADRAS



Wonderful flight... it's THE RAINBOW for me from now on !

You can see more places, spend more days at any desired stopover point on The Rainbow tourist service.

Pan American's popular Tourist Service is the new standard of excellence for low-cost air travel. When you fly *The Rainbow* you get all these exclusive extras at no extra fare :

- Giant new "Super-6" Clippers*
- Choice of more flights
- Superb food : bar service available
- Big, soft seats
- More overseas flying experience
- 411 helpful offices

Let your Travel Agent arrange your trip — his services are free. Or call Pan American in :

CALCUTTA	:	42 Chowringhee Tel. Pk. 2078, 2079
NEW DELHI	:	Imperial Hotel Tel. 48572, 48717
BOMBAY	:	Taj Mahal Hotel Tel. 35304
MADRAS	:	Connemara Hotel Tel. 85647
KARACHI	:	Victoria Road Tel. 6081

*Trade-Mark, Pan American World Airways, Inc.

PAA

WORLD'S MOST EXPERIENCED AIRLINE

PAN AMERICAN

PAA 1

WORLDGRAM

INDUSTRY

Timber Prices Reduced: The Match and Plywood Industries in India depend largely on the Andamans for supply of timber. The Andamans Forest Department extracts and the markets the timber through its depots in Calcutta and Madras. In view of the precarious condition of the plywood industry and the need for clearing accumulated stocks of timber, it is understood that the Chief Commissioner has reduced the prices of timber with effect from April 1, 1954. These prices will be for supplies in bulk and not for selected logs.

* * * * * * *

Giant Hydro-Electric Scheme in Yugoslavia: Plans are being prepared for the construction of a system of hydro-electric plants on the river Cetina, in Dalmatia, which will be the biggest in Yugoslavia. It is expected that the construction of the system will cost over £40 million. According to present plans, half the power generated during the winter months will be exported, and long-distance mains will have to be constructed to carry it to Australia and Italy. The Cetina hydro-electric system will provide 42 per cent of the entire power required by Croatia in 1963. The system will generate 900 million K.W.H. annually for Yugoslavia's domestic requirements, and as much again during the six winter months for export.

TRADE

Austria Eases Import But Raises Tariff: Austria has removed qualitative restrictions from three-fourths of her imports, and simultaneously substantially increased her tariffs. The removal of import restrictions was in compliance with the wishes of the E.P.U., in which Austria had acquired a credit position of nearly $130 million in little over a year. The increase in tariff has, it is reported, disappointed her own consumer interests and may displease promoters of the interests concerned with removing barriers to European trade through G.A.T.T. Prominent among the items on which duty has been increased are machinery on which a 20 per cent ad valorem rate replaces former specific rates; textiles, most of which have been brought into line with other European countries and wool cloth, which has been highly taxed. Duties have also been imposed on agricultural products, including corn and rye.

* * * * * * *

Indian Handloom Goods in Far East: According to the President of Madras Provincial Handloom Cloth, who was a member of a delegation of India that recently toured Burma, Malaya, Singapore, Thailand and Indo-China, Indian handloom goods have a fair chance of capturing the markets in this area if our products could cater to the needs of the countries. Handloom product prices compared very favourably with cloth supplied by other countries, but certain difficulties like customs and import regulations stood in the way of development of this trade. There are countries like Indo-China and Siam which taboo Indian textiles for political reasons. Japan is a powerful competitor, especially in Malaya, and Japanese goods are being sold at very competitive prices; countries of the West are also doing their best to promote the sale of their own textiles.

* * * * * * *

Australian Meat Agreement: According to the U.K.-Australian Government agreement for the procedure after the change from bulk purchases of Australian meat to private trade, the U.K. will guarantee that the average returns from exports of Australian beef during the 1954-55 season will not be less than 95 per cent of the present average return. Minimum guaranteed prices for some types of meat are indicated in the agreement. The minimum prices per pound for the different varieties and qualities of meat are also detailed in the agreement. It is announced that under terms of the agreement, lamb and mutton exported after July 1, and beef after October 1, would be sold on the open market as before the war. In the event of the open-market prices averaging below the minimum prices for 1945-55, the British Ministry of Food would make payment to the Australian Government, to meet the deficiency under the terms of the 15-year meat agreement between the two Governments.

* * * * * * * *

Raw Jute Arrivals During July 1953-February 1954: Imports of raw jute into Calcutta and mill stations during February 1954, amounted to 21,63,000 mds., which were lower by 3,24,000 mds., than the previous month's arrivals, according to the Indian Central Jute Committee. From Indian sources came 16,01,000 mds., a decrease of 2,73,000 from 18,74,000 mds., in January, while only 5,62,000 mds. were imported from Pakistan compared with 6,13,000 mds. in January. During February 1953, imports from India and Pakistan were estimated at 16,03,000 mds., and 3,94,000 mds. Aggregate imports of raw jute during July-February, 1953-54, amounted to 1,88,04,000 mds. of which 1,34,01,000 mds. were of Indian, and 54,03,000 mds. of Pakistani origin. In the corresponding period of the previous season (1952-53), total arrivals were 1,87,55,000 mds. of which Pakistan accounted for 51,06,000 mds., the remainder having come from Indian sources.

FINANCE

Indian Currency Adding Machine: The National Cash Register Machine Corporation of Dayton, Ohio, received a patent recently on an Indian currency adding machine invented for it by Nelson R. Frieberg of Ithaca, New York. The inventor says the machine can cope with rupees, annas and pies. In describing the machine, Frieberg said the was able to draw from experience in sterling, which has 12 pence to the shilling although no denomination of 16 to one. The keyboard has one column at the right side for the pies and two for the annas. Rupees are added by the usual decimal method.

* * * * * * * *

Problem of Indian Indigenous Bankers : It was stated in the House of the People that attempts made in the past to link the indigenous bankers with the Reserve Bank of India and to enable them to become eligible for advances from the Bank, had been in vain, mainly because of the reluctance of the indigenous bankers to shed their non-banking activities. One of the objects of the Rural Credit Survey conducted under the auspices of the Reserve Bank was to ascertain the position which the indigenous bankers in different parts of the country occupied in the credit structure, their business methods, their financial resources, their scale of operations, etc., with special reference to the role played by them in financing agriculture. Further consideration of the matter awaits the Report on that Survey.

* * * * * * * *

Reduced U.S. Aid to Israel: Israel's development plans will have to be curtailed in view of reduced U.S. aid for the year ending June 30, totalling $52.5 million compared with the $65.70 million that was sought. A steady flow of raw materials from Israel to the U.S. would be assured, were the development plans to be implemented. In 1947, 250,000 dunams (quarter acres) of land were under irrigation as against the present 700,000 dunams. In 1947, 253,000 persons were wage earners as against 550,000 now. The number of settlements have increased from 394 in 1947 to 750, with their population almost doubled. As against an export of 4.2 million boxes of oranges, the current season has accounted for 7.5 million boxes. These, and many other improvements have been cited as indicators of the good use to which U.S. aid has been put in the past.

Survey of Personal Savings in U.S.: According to a survey conducted on behalf of the United States Savings and Loan League, despite increased personal savings in the U.S. since World War II, 41 per cent American families still do not have savings accounts. Of the remaining 59 per cent, 12 per cent had accounts in savings and loan associations, roughly one-fifth of the total. However, of this 21 per cent, some 12 per cent also had bank accounts in commercial or mutual savings banks. The survey revealed that 79 per cent of American savers use banks exclusively. There are about 19,500 banking offices in the nation, compared with 6,200 savings and loan offices. It is estimated that the savings and loan business will spend about $32 million this year for advertising. Banks continue to serve four times as many families as do savings associations.

AGRICULTURE

Training of Development Officers at Nilokheri: The first training centre for Block Development Officers of the Community Projects and the National Extension Service was recently opened at Nilokheri. Three such centres are to be opened by the Community Projects Administration. The Ford Foundation is providing financial assistance for the training programme. The Nilokheri Centre will look after the training of Block Development Officers from the Punjab, PEPSU, Rajasthan, Jammu and Kashmir, Madhya Bharat, Himachal Pradesh, Ajmer, Delhi and Bilaspur. The other two centres will be located at Hyderabad and Bihar which will train Block Development Officers from the Southern and the Eastern regions respectively. The subject of training in the Nilokheri centre consists of (a) background orientation to objectives and methods of organisation and operation of Community Projects and National Extension Service; (b) scientific and practical institution and village field training in social education extension methods and materials; and (c) atic instruction and opportunities in group disregarding human relations in administration.

* * * * * * *

Pamphlet on Practice of Double-Cropping: An Indian Council of Agricultural Research pamphlet deals with the different systems of double-cropping and the necessary conditions favourable to this method of farming. The practice of taking two crops a season offers wide scope for increasing food production in India. With assured water supply or rainfall in both the seasons on medium to high fertility soils, the system of double-cropping can be adopted with a considerable measure of success. In India, rice, millets and wheat are the three main cereal crops and their production is confined to specific regions, depending upon the availability of irrigation supplies. They utilise one season, while the second season is occasionally devoted to a crop sown mixed with millets, which may be harvested along with it or after a gap of a few months. In the rice or wheat tracts, a high proportion of the area is left fallow, and it is here that good possibilities of double-cropping exist.

* * * * * * *

Machinery and Equipment Committee Recommendations: The Machinery and Equipment Committee for River Valley Projects set up in October 1953, has recommended in its report: (1) Procurement of construction equipment should be planned, taking into account the job set up and aiming at the utilisation of 75 per cent of the life of the equipment against a definite programme; (2) Multi-shift working should be a standard feature; (3) Proper ancillary facilities as flood-light, railroad, labour amenities, etc. should be provided on works; (4) Standardisation even of a few types; (5) A central organisation to co-ordinate demand and release of equipment; and (6) Standards for calculating depreciation and working out flat rates for major repairs, etc.

National Extension Service Blocks in Rajasthan: Rajasthan is to have twenty more National Extension Service Blocks from October 2, next. The State Development Committee selected the areas to be covered by each new Block. Preliminary work of survey, assessment of felt needs and allotment of funds will be started in June. Twelve National Extension Service Blocks were started on October 2 last, along with two Community Development Blocks. Seven Community Development Blocks were started in October, 1952. Thus there will be 32 National Extension Service and nine Community Development Blocks operating in Rajasthan from October 2 next. They will cover an area of about 25 thousand sq. miles with a population of about 31 lakhs.

MISCELLANEOUS

Expanding Work of National Archives: General expansion in all phases of its work emerges from the recently published Quinquennial Review of the National Archives of India, 1948-52. The rate of acquisition of records greatly increased after independence. Records of defunct Residencies and Political Agencies and private collections tapped by the Regional Records Survey Committees have greatly augmented the Archieves. Among the more important acquisition were the Phillimore papers, 15 volumes on the History of India Survey and Explanation, and the personal file of the great Indian Mathematician, Srinivasa Ramanujam, received from the Madras Port Trust. Microfilming work has also greatly expanded. Arrangements for making copies of records of Indian interest have been concluded with several repositories in Europe. All books proscribed by law in the various States of India are also sent to the National Archives. The Library of the Archives serves as a distribution centre in India of some foreign publications and in foreign countries of some Indian publications. The Archives has also compiled statistics of book production in India for the years 1937—1950.

* * * * * * *

Certification of Maps by Survey of India: The Survey of India will in future check the alignment of international boundaries on maps of India published by private agencies, on payment of certain fees. Maps published by private agencies frequently contain inaccuracies, especially with regard to the alignment of international boundaries. The survey of India will undertake this scrutiny only if a map on the same scale has not been published by them. If any agency wishes to print a note on the maps regarding the verification of the boundaries, it must only be to the effect that the boundaries agree with the Record or Master Copy certified by the Survey of India.

* * * * * * *

Constitution of National Film Board: It is expected that the constitution of a National Film Board to replace the Central Board of Film Censors is to be shortly announced. The National Film Board will have multifarious functions likely to be discharged through new units to be created. For instance, it is expected to establish a Film Production Bureau to advise producers on aspects of production, e.g., stories, scenarios, cast, etc. The Directors of the Bureau will be assisted by experts. A Film Institute whose activities will be confined to technical training in direction, photography, sound engineering, and other processes of production, will be set up. The National Film Board will supervise the work of the Regional Film Censors; the Board may consist of a chairman and ten members, mainly composed of educationists, artistes, writers etc. Final decisions in regard to the financing of the expenses connected with the formation of the National Film Board, Production Bureau and the Film Institute have not been taken. The expenses are expected to be in the neighbourhood of Rs. 12 lakhs.

NEWS IN BRIEF

INDIAN

A Council of Industry for the more effective representation of industrial interests has come into existence, having as its members: Mr. J. R. D. Tata, Mr. G. D. Birla, Sir Shri Ram, Mr. Kasturbhai Lalbhai, Sir Ramaswami Mudaliar, Mr. Dharamsey Khatau, Sir Vithal Chandavarkar, Mr. Neville Wadia, and Sir Homi Mody.

* * * * * * *

The number of postal articles handled by the Indian Posts and Telegraphs Department in 35 languages is estimated to average about seven million every day.

* * * * * * *

The Orissa Government were given Central grants amounting to Rs. 171.26 lakhs towards the cost of construction of their capital under commitments entered into in 1946 and earlier. A request from the Punjab Government for a grant of Rs. 44 lakhs in 1954-55 was pending with Government.

* * * * * * *

Increased production of sugar is to be achieved by (i) stepping up the production of sugarcane by intensive cultivation, and (ii) installing new sugar factories having an annual production capacity of 4.5 lakh tons. Existing installed capacity is not being fully utilised; the percentage of idle capacity is 3.58.

* * * * * * *

The Deputy Defence Minister, reported that though final figures of work done by Ordnance Factories against trade orders during 1953-54 are not available, the total value of trade work, excluding that from Railways and P. and T. Department, is estimated at Rs. 129 lakhs.

* * * * * * *

The Indian delegation to the 37th Session of the International Labour Conference to be held in Geneva from June 2 to 24 1954, will consist of three Government delegates and two additional Government Advisers from the Indian Embassies abroad, one Employees' delegate and two advisers and a workers' delegate with two advisers.

* * * * * * *

The Government of India have reviewed the export policy with regard to onions and have decided to allow its export during the current half-year ending June 30, 1954, within a ceiling. The details of the licensing procedure are being notified by the Export Trade Control authorities at the ports.

* * * * * * *

Three members of a team of four internationally-recruited specialists for the new Thoracic Surgery Centre being set up at the Silver Jubilee Tuberculosis Hospital are expected to begin work very shortly. The team has been recruited by the W.H.O. to train personnel.

* * * * * * *

A sum of Rs. 10.3 crores, comprising Rs. 8.7 crores as loans and Rs. 1.6 crores as grants, was sanctioned to the Mysore Government during the period 1951-54, under the Five-Year Plan. It is reported that a sum of Rs. 7.78 crores has already been spent on the various schemes.

* * * * * * *

The number of smuggled watches and clocks seized in Bombay during 1953, and the first quarter of 1954, was 7,702 and 517 respectively. Out of twenty-six prosecutions launched against smugglers, twenty-five resulted in convictions.

* * * * * * *

Over 25 countries are expected to participate in the International Philatelic and Postal Exhibition in New Delhi, in October 1954. Details relating to the Rules and Regulations and the arrangements for the Exhibition are reported to have been finalised.

FOREIGN

Figures recently released for the operations within the European Payments Union during March 1954, show that West Germany has a surplus of $72.3 million on units of account and is the largest creditor. France with $10.3 million is smaller than usual. U.K. has a surplus of $13.6 million.

* * * * * * *

A total of 23,196 Americans have been killed in Korean war, according to the latest revised figures published by the U.S. Defence Department. The wounded number 105,871, while 13,108 are shown as missing.

* * * * * * *

The agreement between Britain and the European Defence Community has been welcomed by official circles in Belgium. The organisation of a European Defence Community has been always regarded as needing, in some form or another, the participation of Britain.

* * * * * * *

A preliminary agreement on Japanese reparations to the Philippines was signed recently to serve as a basis for formal negotiations to follow. Under terms of the agreement, Japanese financial and technical contributions would bring benefits to the Philippine economy worth an estimated $1,000 million. On conclusion of the formal agreements, the Philippines will undertake to ratify the Japanese Peace Treaty.

* * * * * * *

The total value of South Africa's mineral production reached a record level in 1953, as a result of the coming into operation of the uranium plants. The number of mines producing gold increased from two to five. Uranium production figures are secret.

* * * * * * *

Recently the Pakistan Government announced an export allotment of 32 million lbs. of tea for the year April 1954—March 1955. The Pakistan Tea Licensing Committee, Sylhet, will allot quotas to individual tea estates who would be allowed to export to any destination without restriction.

* * * * * * *

Yugoslavia was recently granted $10 million in economic aid by the U.S., bringing this year's American economic aid to Yugoslavia to $55 million. The grant was made out of funds previously authorised by Congress.

* * * * * * *

The W.H.O. reports that in the last fifty years there has been a sharp drop in infant mortality in all countries for which statistics are available. In thirty countries studied, an average of only one-third to one-fifth of as many babies died in their first year of life in 1953 as in 1900.

* * * * * * *

The West German Minister of Economic Affairs recently returned to Germany, after a trade mission to seven main Latin-American countries, to see where Germany's limited investment resources could be most profitably concentrated. He is reported to have suggested Argentina, Chile, Uruguay and especially Brazil where a currency agreement calculated to encourage German investment was negotiated.

* * * * * * *

The U.S.A. recently granted the six-nation European Coal and Steel Community a $100 million loan for development of the Community's resources. The loan will bear interest at 3⅛ per cent and will be repayable over 25 years. The loan was to assist in modernizing and developing the natural resources of the Community.

THE EASTERN ECONOMIST
PUBLICATIONS

		PRICE Rs.	As.	Ps.
1.	The Economic Progress of Russia, 1860-1948 by E. P. W. da Costa ..	1	8	0
2.	India's Foreign Trade: Part I by L. K. Jha	1	8	0
3.	India's Foreign Trade: Part II by L. K. Jha	1	0	0
4.	The Welfare State by T. W. Kent	1	0	0
5.	Foreign Capital in India by Taya Zinkin	1	8	0
6.	Industrial Labour in India by Dr. N. Das	1	0	0
7.	Japan's Post-War Industrial Recovery by Sherwood Fine	1	8	0
8.	Radical Humanism by M. N. Roy	1	8	0
9.	What Goes on in the U.S.S.R.? by "Odysseus"	1	4	0
10.	Communism and India by Philip Spratt	1	8	0
11.	India and The Free World	0	8	0
12.	India's Food Problem by P. A. Gopalakrishnan	1	4	0
13.	A Programme of National Education for India by Humayun Kabir ..	0	8	0
14.	Deficit Financing, Capital Formation and Price Behaviour in an Under-Developed Economy by V. K. R. V. Rao	1	8	0
15.	Men Without Work by Dr. N. Das	1	0	0
16.	Sea Power in the Indian Ocean by C. S. Venkatachar	0	8	0

ANNUAL NUMBERS

1.	India 1900-1950 and India in 1949	5	0	0
2.	India and the World and India in 1950	5	0	0
3.	"A Social History of the Indian People" and India in 1951	5	0	0
4.	"India and the Free World" and India in 1952	5	0	0
5.	"India in Asia" and India in 1953	5	0	0

The Eastern Economist makes a special offer

(a) Any set of publications of value Rs. 6 can be had for Rs. 5.

(b) Any set of publications of value Rs. 10 can be had for Rs. 8.

POSTAGE EXTRA

Special Enquries to:-

The Manager

The Eastern Economist Ltd.

52, Queensway, New Delhi

A Window On The World

WHITHER (OR WITHER) AWAY THE STATE?

By

ODYSSEUS

TODAY I START AN ATTEMPT to clarify my thinking about the Welfare State, Capitalism, Socialism, and Private Enterprise.

The fundamental question that needs to be answered is: Can material progress be achieved, can the standard of living of the masses be raised more easily in a planned or in a free economy? If a study of the facts suggests that Socialism (or Private Enterprise) achieves better economic results, we have still to decide whether the political or social disadvantages, weaknesses, or injustices, of Socialism (or of Private Enterprise) outweigh its economic advantages.

To some people, especially perhaps in India, these questions may sound naive, for, they would say, to question the future of Socialism is like questioning the future of the natural order. The march of events, of science, nay, of Destiny itself, has inaugurated a Socialist era, and Capitalism is outdated for good and all. Any who argue thus show little acquaintance with history, whose students are aware that fashions in ideas change as startlingly as fashions in the clothes of Western women. The student knows that "Socialism" itself means one set of ideas in Britain, another in France, and an entirely different set in the U.S.S.R. And in all three of these countries, Socialism differs from the ideas set forth by Karl Marx. Even in his life-time, Socialism had developed along paths which led Marx to exclaim "I am not a Marxist!" That Marx was allowed to die peacefully in his bed after making this grossly deviationist remark in itself illustrates the changing attitudes of men. Marx, the Socialist revolutionary, was fortunate enough to be able to say what he thought in the Liberal nineteenth century. If he had done the same today he would have to stay outside the Iron Curtain, an exile from the Utopia of his own creation. We may, therefore, assume that today's orthodoxy may be tomorrow's heresy, and we may hope that by taking thought and convincing others of the reasonableness of our conclusions, we may help to change the current colour of the intellectual litmus paper.

We must begin at the beginning by considering the Leninist-Marxist axiom that once private property is abolished and production planned by the Socialist state, the need for coercive force on the citizen will disappear—the state will wither away. Most opponents of Socialism dismiss this idea as so palpably, so childishly, ridiculous as to need no reply. They are wrong. For, just as the Christian concept of heaven enables the devout to struggle along in this vale of tears, safe in the knowledge of his reward in heaven, so does the withering-away concept uphold the devout Socialist safe in the knowledge of the dawn of a universal brotherhood of selfless men. Because you do not happen to believe in the validity of a certain idea, you cannot afford to despise it if, as in the instance that we are discussing, it is sincerely held by millions of decent people. The task is not to sneer at their ignorance but to try to enlighten them by reasonable argument.

MAHATMA GANDHI AND KARL MARX

As a matter of fact, the Marxist ideal is close to that of Mahatma Gandhi, who held not that the machinery of administration would wither away and that there would be no more food controllers or tax collectors but that in a planned, propertyless world everybody would see where his duty lay and do it spontaneously without need of sanctions or compulsions.

In their attempt to explain why the abolition of property and the inauguration of total planning will produce this revolution in moral conduct, the Marxists give two different answers: First, the struggle for property and profits brings out the selfish instincts in men. Abolish the selfish motive and substitute a regime in which everyone is working for the state, i.e., for everyone else, and you will bring out the best in men. Secondly, that substitution of haphazard competition by scientific planning will raise the standard of living so immeasurably that selfishness will be unimportant. Where there is more than enough for everybody, everybody can be as selfish as he likes without detriment. Re-distribute income so that everyone receives equal real income, and, in a planned state, social conflicts are eliminated. These ideas are familiar to all students of nineteenth century economic history. They spring from the concept of the "economic man" whose actions are dictated solely by the object of increasing his income. So, the Socialist argument runs, if everyone's income is the same, the process of assigning different resources and men to different jobs could be done without the conflicts that it arouses today. Why should a Professor of Mathematics worry whether he is sent as a miner to the Bengal coalfields, as an engineer to the Damodar Valley, as a clerk to New Delhi, or as cultivator in Orissa, when his real income will in every case be the same?

He will not mind at all so long as he is actuated solely by a desire for income. But that is one of the errors of the nineteenth century materialist outlook that still dominates Leninist-Marxist thought in the twentieth century. Everyone can think of cases in which a man has sacrificed chances of higher income because he enjoys his present job, or does not wish to leave his home town, or wants to change his job to be nearer friends or relatives or because his own or his family's health would benefit. And whereas the incomes of the miner and the colliery manager might, under the Socialist scheme, buy exactly the same commodities, the power and the prestige of the jobs cannot be compared. In the inevitable changes that overtake a growing society when it substitutes iron for wooden tyres, rubber for iron, lorries for bullock carts, trains for ekkas, steel for iron, hydro-electricity for coal, and atomic power for all other forms of power, the worker whose painfully acquired skill has slowly or suddenly become useless cannot but feel sorrow, anger, and resentment, and it would be amazing if he did not seize any opportunity of organising his fellow workers to resist innovations which, spelling greater prosperity to society as a whole, spell disaster to him. No abolition and no planning can avoid such a conflict as this, unless by bribing the displaced workers on such a scale that progress proceeds at a snail's pace or ceases altogether. (In parenthesis, such bribery has become commonplace in welfare states wherein organised labour can, by the threat of strikes, maintain types of production, which by their obsolescence, render the workers a charge on the national income, thus preventing a rise in the standard of, or—what comes to the same thing—a fall in, the cost of living).

PLANNED OPINION

This is an example of conflict arising out of selfish motives, but we still have to consider the first claim

advanced for the propertyless, planned state, that it will eliminate conflicts by eliminating all such selfish motives How about conflicts from the highest motives? One almost feels inclined to argue that all history is the story of conflicts from the highest motives—from the social upheavals launched by Buddha and Christ down to the conflicts stirred up in India by Gandhiji's efforts on behalf of the Untouchables. And mention of Gandhiji prompts the question: Is Pandit Nehru a bad citizen, or unpatriotic, because he is not conducting India's economy on Gandhian lines? On the contrary, he does so from the highest motives, yet as long as Acharya Kripalani and others think him wrong, his policy is a source of conflict in the state.

If, then, conflict is inevitable, the Marxist scheme of affairs which postulates its abolition is unattainable.

The real problem is to devise a framework which will (a) allow for the economic change which is essential to raise the living standards of the masses, and (b) mitigate conflicts between vested interests. But does this not mean that the state can never wither away? For the state is the only power strong enough to ensure for all citizens a framework for economic activity that promotes the greatest productivity and the least social injustices. Note, however, that "greatest" and "least" are relative terms. It is in his religiously fervid proclamation of the Absolute in a kaleidoscopic world of changing Relatives that the Marxist makes a great mistake, but it is, unfortunately, one that appeals to the masses who find religious myths easier to digest than logical argument.

Is all this so self-evident as hardly to need demonstration? I suggest that it is precisely because they shy away from the analysis outlined here that the Marxists plunge into their next great mistake. Finding that, in practice, Socialism does not eliminate conflicts, they seek to achieve social peace by using the power of the state to enforce uniformity of opinion, by punishing dangerous "deviationists" who, whether from selfish or patriotic motives, urge solutions to current problems other than those proposed by the Government. I have sometimes in moments of wishful thinking felt that the great hope for the democracies was that the Iron Curtain countries would persist in this enforcement of uniformity, because to do so would ensure (1) the slow but certain strangulation of their economies and of their way of life, and (2) the survival of the fittest, namely, the argumentatively resilient and progressive democracies. But the latest news from the U.S.S.R. suggests the dangers of wishful thinking: the Communists seem to be cautiously coming round to the view that planned opinion means planned death.

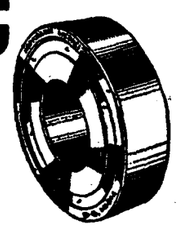
TAILPIECE WITH A MORAL

I end today's session with a story told by Professor D. M. Wright: Just after World War II, before relations became strained, an American officer invited a Russian to dine with him at a restaurant. The dinner was good and the Russian said: "You must have had to order this weeks ahead to get so good a meal." "No," said the American, "I just walked in". The Russian was astounded. "How did the restaurant know that anyone was coming in to order this particular meal?", he asked.

Here is the moral that Professor Wright draws from his story: From the viewpoint of history, the Russian was right. The "normal" state of mankind, if we list the majority of the cultures known to history, is either planned despotism or oligarchy or else the unchanging primitive society governed by iron-clad customs. It is only in the last 150 years that we know of anything different, continuously existing on a large scale, and if we take a long view we should not be surprised that things sometimes go wrong: we should be astounded that they ever go right.

In other words (and this is the moral that I draw from the story) if you can answer the Russian's question accurately, you have a sound grasp of how the system of a competitive Free Economy works, and you are (I would add) in a position to hint delicately to the Russian that his surprise that such a meal could be had without warning suggests that the economic system to which he is accustomed is less efficient.

THE HIND BANK LTD.
9, ROYAL EXCHANGE PLACE, CALCUTTA.
FOR COMPLETE BANKING SERVICE
SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 2,00,000
Connections in all principal centres of the world
Chairman Mr. K. P. GOSNKA General Manager Mr. S. D. PARDIWALLA.

NBC

Do you know...
N. B. C. factory is equipped with the latest machinery for the production of ball-bearings.
NBC ball bearings are equal to the world's best
NATIONAL BEARING CO., LTD.
JAIPUR — RAJASTHAN

NEW CENTRAL JUTE MILLS CO., LTD.

Notice is hereby given that the Annual General Meeting of the Company will be held at the Registered Office of the Company at No. 11, Clive Row, Calcutta, on Friday the 21st May, 1954 at 12 noon, to adopt the Directors' Report and Audited Accounts for the Half-year ended 31st December, 1953, to declare dividends for the Half-year at Rs. 3/8/- per share on the Preference Shares and Rs. 12/- per share on the Ordinary Shares, to elect a Director and to appoint Auditors for the current year.

The Share Transfer Books of the Company will remain closed from 15th to 21st May, 1954, both days inclusive.

By Order of the Board,
SAHU JAIN LTD.,
Managing Agents.

CALCUTTA,
26th April, 1954.

ALBION JUTE MILLS CO., LTD.

Notice is hereby given that the Annual General Meeting of the Company will be held at the Registered Office of the Company at No. 11, Clive Row, Calcutta, on Friday, the 21st May, 1954 at 11-30 A.M. to adopt the Directors' Report and Audited Accounts for the Half-year ended 30th November, 1953, to declare dividends for the Half-year at Rs. 3/8/- per share on the Preference Shares and Rs. 12/- per share on the Ordinary Shares, to elect a Director and to appoint Auditors for the current year.

The Share Transfer Books of the Company will remain closed from 15th to 21st May, 1954, both days inclusive.

By Order of the Board,
SAHU JAIN LTD.,
Managing Agents.

CALCUTTA,
26th April, 1954.

A New Book
For the Library and the Connoisseur of Art

SKETCHES OF GANDHI
By
FELIKS TOPOLSKI

A unique collection of 24 sketches and two four-coloured paintings of Mahatma Gandhi by the famous Polish artist. Embellished with rare quotations from Gandhiji.

Price Sixteen Rupees **Postage extra**

SPECIAL ARTICLES:

THE ROLLING READJUSTMENT

The rolling readjustment in the United States still continues to be inexplicable—but already, it is possible to think that the worst is, perhaps, over. The economic indicators are summarised in the table below:

	March	February	January	March 1953
Industrial production (1947-49=100) ..	123	124	125	136
Employment (millions)	60.10	60.05	59.75	60.92
Unemployed (thousands)	3,725	3,671	3,087	1,674
Construction contracts (dollars billions) ..	1.53	1.22	1.15	1.02

Except that industrial production is down—the steel operating rate continuing at 68.2—some reason for optimism can be discovered from each of these economic indicators.

The rate of increase in unemployment, to begin with, has been slowed down in March. Both construction contracts and employment in March 1954, have improved. Some degree of confusion has been caused by the revision of unemployment statistics by the Census Bureau, with the result that new and old statistics diverge markedly. But the number of the unemployed need not still cause anxiety. Compared to February, 1950, the position has not become critical. It is still possible to take the line that the rate of increase in employment is satisfactory, and that absolutely, the number of those who are without jobs is not yet so large as to cause any alarm.

In this situation, there have been a few very noticeable developments recently. These have been, in the order of importance, the stock-market boom, the fact that construction activity in the first quarter of the year has been ruling very high, the analysis of consumer spending which was conducted recently by the Department of Commerce, and the McGraw-Hill survey of industrial intentions regarding the expenditure on plant and equipment.

Combined stock-market averages of the prices of stock have been ruling recently at about the levels reached in September, 1930. It is difficult to draw any clear conclusion from this, but there would seem to be at least as much reason to hope that good stock-market sentiment would keep personal incomes and expectations high and, therefore, maintain the economy at a high level—which is how Harrod has interpreted the course of history in the United States preceding the depression—as to fear that a down-turn is coming and that a deflation in the national income, beyond that which has already materialised, will still take place.

The question is thus largely one of psychology; and psychology at the moment is good. Construction activity, already referred to, is now estimated at $36 billions—a gain of $2 billions over the earlier estimate. Commercial construction is now much greater than it was about one year ago and residential construction has not fallen. Consumer spending is estimated at $230 billions in the Department of Commerce's Survey, conducted by Dr. Paradiso. The optimistic conclusions which can be derived from this forecast have been confirmed by the findings of the University of Michigan Survey Research Centre. The McGraw-Hill survey of entrepreneur's intentions differs apparently from those conducted by the Department of Commerce and the Securities and Exchange Commission, covering the same ground. But the broad trend of both the surveys is or can be interpreted as being good.

The recent reduction of the Federal Reserve Board's rediscount rate to 1½ per cent, which was voted by the Federal Reserve Bank of Chicago with effect from the middle of this month is only a gesture to the markets in these circumstances. It is intended apparently as an intimation that the flexibility of monetary policy, which the Council of Economic Advisers had affirmed, continues to be a matter about which the administration sets much store. A flexible monetary policy is not, of course, a potent instrument with which to fight a recession. But it will help; and for the rest, the authorities continue to hope, as they have hoped so far, that consumers' and entrepreneurs' psychology and morale —which has been boosted up all these months—will prevent this rolling readjustment from developing into anything other than a temporary and orthodox inventory recession.

One final question remains. If this rolling readjustment does after all peter out into nothing more than one of those periodical setbacks in the American economy, to which the whole world has now become used, can it be said that the slump after all has been conquered? It is too early to answer this question. But it seems likely that this will be the first time that a major recession, which was well-advertised as being under way, has been arrested in its tracks as a result of appropriate official action. That action has included in particular an attempt to prevent the people from talking themselves into a slump. If the remaining course of the slump conforms to the present expectations and if the recovery begins, as it seems likely to begin very soon, there will be much, therefore, for the administration to be proud of.

INDUSTRIAL PRODUCTION

THE tempo of industrial production as a whole has been maintained at a high pitch in the last three years. Over the post-independence period, except for the set-back which this production suffered in 1949 and 1950, its upward curve has kept on pursuing its progressive course. The official Interim Index of Industrial Production (1946=100) registered the first peak of 108.4 in 1948 which was pierced in 1951 when the index jumped to 117.2. Since then new record levels were attained as the index touched 128.9 in 1952 and 135.1 in 1953 which is a record high. The consistent increase in industrial production has been a factor of great stability and strength to the economy. But this overall increase certainly does not imply a uniform rate of progress in all the components of industrial production. Despite the fact that varying degrees of growth are inevitable in these components, some order of expansion is quite essential if the cumulative effect is to be projected over a reasonable period in the coming years. An analysis of the behaviour of these components, however, reveals not only certain paradoxes but trends that are disturbing. A large number of individual industries belonging to the medium categories have suffered a decline and it is more than a year that they are in the grip of recession.

A wide range of engineering industries has already forced attention to its current phase of decline. But in other categories of medium industries—chemicals, drugs, oils, paints, glass, food, and so forth—there have occurred cases of sizable contraction in output. Their impact on the integrated industrial picture has been offset by impressive increases in some of the major industries and for this reason their present vulnerable position needs investigation. It is proposed in this article to make a brief scrutiny of the relative levels of output in these industries in the last three calendar years.

In the table at the end of this article, a few selected industries of medium size have been classified into different groups according to certain specific trends in the fluctuations in their capacity as well as production. Except in the last two groups in which the installed capacity has positively decreased, production capacity is either constant or, as happens in a majority of cases, has increased. The increase in capacity has been achieved in some cases by expansion of existing units through additional plants or modernisation, but in most cases it is the result of establishment of new units.

Many of the industries under scrutiny have registered increases in production and to this description belong Groups A and B. In the first Group, it is apparent from the table, there has invariably been an increase in installed capacity in the last two years as compared to 1951. The rate of production has been sustained at higher levels in response to demand. The rise in output has been spread over different classes of industries as the representative illustrations in the table corroborate. Building and hardware fittings, power and distribution transformers, steel furniture, and wood screws are among other industries which have increased their production on an impressive scale. Paper has pushed up its output from 131.9 thousand tons in 1951 to 137.5 thousand tons in each of the two succeeding years. Group B demonstrates increased production, while no changes have taken place in capacity.

Group C in particular as well as Group D exemplify the weakest spots in these industries. In the former category, perhaps a tragic aspect of the development is an increase in installed capacity accompanied by a fall in output and this fall has been quite substantial in most cases. It means higher production costs which have depressed the demand for some of these industries. In this Group—higher capacity and lower output—rank certain industries which could have looked forward for building an export market. The output of electric fans declined from 212.5 thousand in 1951 to 201.8 thousand in 1953, grinding wheels saw a decrease from 386,000 in 1952 to 361,000 in 1953, machine tools output was reduced in value from Rs. 47.30 lakhs in 1951 to Rs. 44.67 lakhs in 1953, storage batteries fell from 212.6 thousand in 1951 to 176.1 thousand in 1953, while aluminium and brass and copper sheets as also lamp-ware suffered sizable decreases. The hardships resulting from decreasing levels of production were a shade lighter in Group D in view of the fact that no additions were made to installed capacity. The size of the capacity of industries in Group E underwent a contraction due to some units having gone out of production, but tea chests illustrate the case where additional smaller units sprang into existence to operate at an uneconomic level.

Instances where higher output has been achieved by intensive production in units whose installed capacity was curtailed are few and far between. Some of the rubber manufactures typify this achievement and the selected number out of them has been included in Group F. But cases where actual output has exceeded the installed capacity are quite rare. Two such cases, already included in the table, bear mention. Sewing machines have consistently maintained their output much in excess of capacity in all the three years and ball bearings earned this distinction in 1953.

But in an overwhelming majority of industries—even those which have attained higher peaks of output —the gap between capacity and output is wide and what is distressing in many established industries like those in Groups C. and D. that gap is widening. The causes of this deterioration have not been investigated by a searching scrutiny except in the engineering industries. But it is reasonable to presume that the basic causes of the steep shortfall in output can be traced to a slackening demand and import policy where short-period changes add to the insecurity of the prospect before the industries. The rise of the consumer to a superior bargaining position, it may be presumed, must have strained the financial staying power of the producers. It may be wrong to level a sweeping charge that a consistent increase in overall industrial production has created a sense of complacency in official quarters. But sufficient awareness of the present hardships of industries undergoing lower production levels is not in evidence. A thorough enquiry into their requirements and in the ways to assist them has become an urgent need at the present moment.

INDUSTRIAL PRODUCTION IN INDIA—VARYING TRENDS

(Figures in thousands)

	CAPACITY			PRODUCTION		
	1951	1952	1951	1951	1952	1953
Group A						
Bicycles (Nos.) ..	120.9	417.5	417.5	114.3	197.0	264.2
Sewing Machines (Nos.) ..	37.5	41.5	41.5	44.5	50.1	62.4
Caustic Soda (Tons) ..	27.5	34.9	39.7	14.7	17.1	21.8
Sheet Glass (Sq. Ft.) ..	..	69,000.0	76,320.0	..	9,243.0	20,000.0
Rayons (lbs.) ..	10,000.0	10,000.0	11,200.0	5,410.0	8,040.0	9,680.0
Group B						
Ball Bearings (Nos.) ..	600.0	600.0	600.0	234.4	416.8	648.4
Refrigerators, Domestic (Nos.) ..	3.6	3.6	3.6	0.5	0.6	1.1
Carding Engines (Nos.)* ..	600	600	600	103	112	192
Group C						
Agricultural Implements (Tons) ..	25.7	25.5	26.3	18.9	18.2	9.4
Diesel Engines (Nos.) ..	5.3	24.9	30.2	7.2	4.3	3.7
Looms (Plain, auto, semi, etc.) (Nos.) ..	3.6	3.6	4.2	2.7	1.9	2.1
Soap (Organized) (Tons) ..	192.0	193.0	209.3	83.5	86.4	84.3
Group D						
Steel Tubes (Tons) ..	12.0	20.7	20.7	0.5	0.2	0.3
Ring Spinning Frames (Nos.*) ..	360	396	396	274	283	200
Paints, Standard (Tons) ..	65.0	65.0	65.0	33.5	32.8	30.0
Asbestos Cement Sheets (Tons) ..	117.0	117.0	117.0	83.2	87.7	75.7
Group E						
Tea Chests (Quality only) (Sq. Ft.)	150,710.0	171,000.0	144,000.0	171,140.0	(78,227.5	47,427.4
(Commercial)					(12,258.8	10,658.0
Superphosphate (Tons) ..	174.1	197.8	194.0	61.0	46.6	43.1
Refractories (Tons) ..	293.6	290.6				
Group F			289.7	238.2	243.6	206.9
Automobile Tyres (Nos.) ..	864.0	945.0	925.2	870.2	721.7	786.4
Tractor Tubes (Nos.) ..	..	9.8	6.0	..	5.5	7.5

*Units only.

THE BUSINESS WORLD

DEADLOCK IN PARIS

The Ministerial Council of the Organisation for European Economic Co-operation, which is to meet this week on the 5th May, will be faced again with the recurring problem of what to do with the EPU. The agreement regarding the payments union comes to an end on the 30th June, 1954. Before it can be extended, the British and West German points of view will have to be reconciled.

Britain is now a debtor to the Union with a debit balance of the order of $550 millions (at the end of January, 1954). On this she has been paying interest at rates varying from 2½ per cent to 3¼ per cent, depending on the period for which the credit has been enjoyed. Western Germany had over the same period built up a credit balance of the order of $480 millions. On this she receives interest at 2¾ or 3¼ per cent, depending on whether the credit balance is within or in excess of the quota. Naturally, these extreme debtor and creditor positions have given rise to two differing points of view. It is natural for the British to oppose too exacting conditions of repayment, in particular,

(i) stepping up the percentage in the tranches which has to be paid in gold, and

(ii) proposals for the settlement within three years of balances outstanding for more than eighteen months.

It has been equally natural for the West Germans to decline to continue an arrangement under which they do not receive gold, to which they would normally be entitled, but only gold and credit according to someone else's choice.

The Ministerial meeting will have to find a compromise between these points of view. The likely outcome seems to be a decision to extend the EPU by another year—after the British have funded in part or settled in part with a gold payment the debt which they owe to the creditors. With this adjustment, which may or may not be followed by other debtors, EPU seems likely to last for one more year from the 1st July, 1954.

The practical considerations which dictate this decision are two. In the first place, convertibility is going to undermine the Union, if and when it is adopted. If and when the convertible currency becomes equivalent to dollars or to gold, there will be no incentive or meaning in pooling it along with other currencies which will not be convertible into gold one hundred per cent. The position regarding convertibility is, however, uncertain. Therefore, the best course that can be adopted now will be to let existing arrangements continue. In the second place, the American recession, though it has receded, has not yet finally retreated. The European Payments Union may need to be kept alive as a mechanism which will keep up intra-European lending and trade at reasonably high levels —which will be an immense advantage in the event of a slump, provided that is, that a slump materialises after all.

For these two compelling reasons, the status quo as regards trade in Europe seems likely to be continued, with only minor changes as to detail, if any. A crisis will be avoided; the deadlock will be broken. But as the European Payments Union enters its fifth year, the conclusion will nevertheless be irresistible that it can be no great achievement to agree to carry on, on the present basis, in lieu of any other and better course of action.

Long term remedies are necessary. The chronic imbalance in trade within Europe will have to be corrected. The creditors must be pressed to re-examine their import programmes—and, if necessary, an attempt should be made to go behind the figures of trade liberalisation which are deceptive and undependable. Policies which are appropriate to their debtor or creditor positions must be forced on all the countries—including the creditors at the present time. Not until this can be done can it be said that economic co-operation in Europe has produced lasting results.

NATIONALISED INDUSTRY

By

CROESUS

In the last issue of "The Eastern Economist" under the heading "Business Notes", I notice this sentence: "The main problem is to bring efficiency, economy and progressive development of air transport into the operation of the nationalised set-up. On this specific issue it will be too much to be optimistic". This remark, it seems to me, applies not merely to air transport or the Indian Airlines Corporation but to all undertakings of State enterprise generally. I am emboldened to make this statement after reading the proceedings of the Conference of Industrialists from all over South India which met last week-end, at the Indian Institute of Science, Bangalore, to consider methods of promotion of scientific management, under the chairmanship of Prof. M. S. Thacker, Director of the Indian Institute of Science, who also happens to be the President of the Institute of Management, Bangalore, which sponsored the Conference. Perusing the names of those that participated in the Conference and noting that there was a symposium of nationalised industries, I naturally felt tempted to know more about the proceedings. It is unfortunate, however, that those who were far-sighted enough to arrange such an important conference, should have overlooked the importance of giving timely and detailed publicity to the proceedings. Even from the sketchy details that have so far appeared in the daily Press, I feel I ought to congratulate the sponsors for convening the Conference generally and, more particularly, for their selection of nationalised industries as the subject for the symposium.

The different papers read and discussed at the symposium included a "Comparison of Organisation in a Nationalised Industry with Organisation in Government" by Mr. J. M. Shrinagesh, General Manager of the Hindustan Aircraft, Ltd., "Management of Industries Under Public and Private Sectors" by Mr. R. Natarajan, Managing Director, Indian Telephone Industries, Ltd., Bangalore, "Accounting Procedures in a Nationalised Industry" by Mr. V. G. Kamath, Financial Manager, Hindustan Aircraft Ltd., Bangalore, "Workers in a Nationalised Industry" by Mr. S. Guruswamy, President of the Railwaymen's Federation, "Nationalised Industries in Other Countries" by Mrs. Mary Cushing Niles of the Technical Organisation Mission, U.S. Embassy, New Delhi, and "Whither Nationalised Industries?" by Mr. M. R. Masani of Messrs. Tata Sons Ltd., Bombay. If I had anything to do with this Conference, I should have caused a 'verbatim' report of the symposium—of both the papers and the discussions thereon—to be taken, and published the whole proceedings in the form of a pamphlet. For I consider it of the utmost significance that more light should be thrown on the working of the nationalised industries than at present. There is hardly any authentic information on the subject, apart from what occasionally percolates to the public through Parliamentary probes and a small but interesting pamphlet issued in November, 1951, by the Employers' Association, Calcutta.

Nationalised undertakings not only enjoy a number of advantages which units of the private enterprise do not, but also suffer from a number of serious handicaps. To those who know my views on parallel ownership of industries, it will not be news when I say that there is something inherently defective in the very concept of parallel ownership of industries as it is being practised here today. Not until both State undertakings and units in the private sector are made to work under exactly similar conditions will one be in a position to have any idea of the superior efficiency of either over the other. I, therefore, fully endorse the poser raised by Mr. Masani in the course of the discussion on the paper that he read "Whither Nationalised Industry?". "Unless there are equal opportunities and facilities for free competition with equal taxation", he asked, "how can there be any basis for comparison being drawn between efficiency and utility of State enterprise on the one hand and free enterprise on the other?" This is not asking for the moon by any means. Even in the most notable example that we know of in capitalistic countries, namely America, I am told there is a considerable amount of State enterprise. Thus, the United States Government owns a quarter of the entire land and forests; as many as 100 different businesses are run by the American Government; the U.S. Government is the largest single insurer in the country, accounting for insuring banks against failures and lives of army-men during times of war, as during the last war; and it is also the largest shipowner in the country. Out of about 2.2 million civilian employees, 900,000 are what are called "blue-collared" workers (as opposed to white-collared workers) of whom 300,000 can be classed as industrial employees, that is those who are employed directly in State enterprises and ancillary occupations. What is perhaps even more surprising than this is the fact that some of the State-managed enterprises, such as the Rural Electrification Authority, the H.O.C.C., and the Social Security Board, which covers something like 65 million people, are remarkably successful. When Mrs. Niles was giving all these details, her listeners must doubtless have asked the question: what is it that makes State enterprises in a country which believes cent per cent in free enterprise a success thus? And they must have themselves gathered from her lecture that the secret lay in the belief that whether anything should be done by the State or by private enterprise is a purely pragmatic affair. In other words, in America, according to this lady, the State moves in whenever and wherever there is need and, with equal felicity and expedition, moves out the moment when that need ceases to be there. It is thus a two-way traffic unlike in other countries, including our own. Here doubtless is something that those who argue in favour of nationalisation of anything and everything, regardless of whether there is any need for it or not, let alone the repercussions of it, would do well to bear in mind.

After what transpired at the Conference, it occurs to me that the best way to make such people realise the potentialities and pitfalls of nationalised undertakings is to place them in charge of nationalised undertakings. I know of many who were singing the glories of nationalised units when they assumed charge and who have since been sadly disillusioned. Hence it was that I was anxious to know what the three of those who participated in the symposium, all of whom have sufficient practical experience of the working of State enterprise, had to say. Not all of them were, of course, equally outspoken, although everyone of them did endeavour to be as objective as possible. It seems to be their experience that there are several problems which are peculiar to nationalised undertakings, and these have got to be solved before a final judgment can be passed on their relative efficiency. Unless one is carried away, therefore, by the vast amount of publicity that Government undertakings generally receive—in most cases, this is out of all proportions to the actual achievements of these enterprises—a very good test as to whether a nationalised undertaking has fared well or not is to define the main functions of State enterprises, namely, (1) production of goods and (2) "creation and distribution of satisfaction", to quote the felicitous phrase of Mr. Natarajan, and to see whether any of the units has successfully and satisfactorily discharged these function. To put it differently, if any State undertaking can turn out goods efficiently and economically and can create conditions of service which are acceptable both to the management and to the employees and can also satisfy the consumer, at the same time, that he is getting his money's worth, that undertaking can truly be said to be worthy of the country's trusteeship, the ideal which Mr. Shrinagesh held up for all State enterprises, and one which enlightened captains of Indian industry have always been holding. To be honest, no State enterprise can as yet claim to conform to this test without some qualification or other.

By reason of the fact that encroachment of the State into the economic sphere is a comparatively new concept, we should not forget that we have still no yardstick to measure the efficiency of State enterprises, as Mr. Natarajan rightly put it. For instance, as he asked, how is a nationalised unit able to decide whether the product it is turning out is in the public interest or is what the public wants, for that matter? Then, again, what about the relations with labour? Can a State undertaking go on yielding to the demands of labour indefinitely and sacrifice the interests of the consumer of the country? Where exactly has the State undertaking to stop conceding without the risk of the politicians' intervention?

While all these make a proper assessment of the working of State enterprise difficult, it is not hard for anyone to notice the utter lack of business experience, especially when officials are pitchforked into high positions at the whim and fancy of someone or are disturbed for no ostensible reason whatsoever. There have been instances when officials who have proved quite useful and have achieved results are believed, without assigning any reason, only to make room for a nominee, or maybe a protege, of the appointing authority. Removing or transferring persons who are holding important positions in the same place may be all right—I question the soundness of even this, as readers must have noted from my previous despatches —in Government service. But it is highly detrimental to any business undertaking that its senior officials who have rendered a very good account of themselves should be simply chucked out like pawns on a chessboard to make way for inexperienced nincompoops.

There is also something uncongenial about State enterprises as they are today in the matter of Board of Directors. In the first place, these directors have no financial stake personally. Secondly, there is no homogeneity about them, because they are chosen at random unlike in the case of Boards of Directors of Joint-Stock Companies, where only known people, people of integrity and experience, are chosen. Even in the U.K., according to the "Men on the Boards" periodically published by the Acton Society, it is business men of renown and experience that are generally selected unlike in this country.

There is yet another aspect about State enterprises which requires attention. It is whether a State enterprise should make profit or not. Unfortunately for this country, we have some members on the Standing Accounts Committee who seem honestly to believe that it

is criminal for State enterprises to make profit! Contrast this with the categorical assertion of Mr. B. V. Narayana Reddy, who presided over the first day's discussions, that any industry that does not make profits is rendering a disservice to the country.

According to Mr. Masani, who, I think, made a very creditable contribution to the discussion on the subject, the main problem created by the entry of the State into the field of industry is that of reconciling the needs of the business efficiency and flexibility with those of democratic control. Democratic control from the limited experience we have so far had in this country does not appear to have achieved the desired results. Prolonged discussions in Parliament, both in the U.K. and in this country, have not been helpful in finding a solution that would guard against undue political interference and bureaucratic monopoly, on the one hand, and irresponsibility and absence of financial control on the other. In Mr. Masani's view, this difficulty is perhaps inherent in the very action of a democratic State coming into the field of industry.

Continuing, Mr. Masani made a notable point when he put forward the view that "the very basis of mixed economy is a pragmatic approach to the question of whether or not a particular product is best produced in State or free enterprise. The experience that can be obtained from free and equal competition is thus an essential element in enabling public opinion and Government to decide such issues as they arise". This is precisely what, according to Mrs. Niles, is being done in America in respect of State enterprise—and with what results, I have already indicated above. There is also much to be said for the demand of Mr. Masani that, in a mixed economy where there is supposed to be a place for both State enterprise and private enterprise, the two must me allowed to function under identical conditions. So long as this is not allowed to happen, I must reiterate, parallel ownership of industry will always be to the benefit of the State-managed units and to the disadvantage of free enterprise. A former Union Finance Minister, the late Sir Shanmukham Chetty, created quite a furore, I remember, when he made the suggestion that State undertakings also must be subject to taxation in the same way as units managed by free enterprise. That shows the extent to which nationalised units want to seek shelter under Government protection and compete with units of free enterprises from a point of vantage.

Finally, for the views of a well-known labour leader, Mr. Guruswamy. It must have been a revelation to many to hear Mr. Guruswamy make the statement that neither the workers nor the management of nationalised units in India understand the purpose of nationalisation. He wanted nationalised units to practise what the Government preaches to free enterprise to do. In these undertakings, despite all the facilities and consideration that the workers receive, it is a pity that they have no feeling of community of interest with the undertakings, and I am more readily prepared to accept this unbiassed view of a labour leader than that of the manager of a nationalised undertaking who claims that everything was all right when nothing was actually so and went on to make preposterous pretensions about labour being fully contented in nationalised undertakings. What more evidence can we have in this context than that provided by the bitterness of the nationalised railway workers in Britain who allege that they get 10 to 15 per cent lower wages than workers in other industries in the free enterprise section?

I am afraid considerations of space do not permit me to deal with many other notable points made in the course of the discussion by several other speakers. But, from the salient points that I have noted, it should be obvious (although it is too early in the life of State enterprises in India to judge about their success or failure, and one would certainly like more information on the subject) that there is enough evidence to establish that as situated at present, the State in India is still woefully wanting in resources, both financial and personnel (trained), judging from the findings of the recent Parliamentary probes. In view of this, everyone is bound to share the view of Mr. Masani that the only way of making the best use of the available resources in India today is to concentrate on making the existing State enterprises successful and cry a halt to further nationalising or expanding of existing State enterprises until such time when the country can afford to throw away resources, or pending a careful and unbiassed review of the entire position of the working of State enterprises 'vis-a-vis' private enterprise units.

FINANCE THROUGH INSURANCE

By

CROESUS

Apropos my analysis of the Insurance Year Book 1953, to which subject I revert after another week's lapse, I am tempted to discuss the observations of the Controller of Insurance regarding the so-called deterrent effect of Section 27-A of the Insurance Act 1938. As already pointed out by me in a previous despatch, the latest Insurance Year Book deals quite fully with the question of investment. The distribution of investment according to maturity, for instance, is a welcome departure. But what I am concerned with here is not this innovation so much as the role that insurance companies should play in financing the private sector. The Shroff Committee which went into this question is due to submit its report any time, if it has not already done so. Appearing before the Shroff Committee, the insurance companies submitted early in January that they could play a useful part in financing the private sector, provided the provisions of Section 27(I) of the Insurance Act were relaxed so that the statutory limit was reduced from 50 per cent to 40 per cent. The idea was that the difference could profitably be diverted to assist the private sector. But, if this were so, one would expect that the investment of insurance companies in Government and approved securities would be just around the minimum of 50 per cent. Actually, however, it is very much more. According to the latest Year Book, the investment of Indian insurance companies in Central and State Government securities, foreign Government securities and Municipal, Port Trust and Improvement Trust securities amounted, at the end of December 1952, to Rs. 161.78 crores out of their total assets of Rs. 292.92 crores, or nearly 56 per cent. If the total investments in Government and other approved securities were together taken, the percentage would be even higher and, according to the Controller of Insurance, even those insurers who were in default in respect of Section 27(I) of the Act, as a group, had investments much in excess of the statutory requirements in approved securities. He naturally flings this fact at those who criticise the restricting effects of the provisions of Section 27(I) to demonstrate that the said provisions "have not caused any hardship" as has often been made out.

Referring to this question, Mr. S. D. Srinivasan, until recently the President of the Indian Life Assurance Offices Association, stated (in his Presidential address) that it would be wrong to conclude from the mere fact that total investment in Government and other approved securities is in excess of the statutory requirements of 50 per cent, that either no hardship is caused or that the insurers are not interested in investments in the private sector. According to him, this arises from the natural tendency of some insurers who adopt a rather cautious policy of investing mostly in the gilt-edged type; even as regards others, he says all the insurers generally would like slightly to overinvest in gilt-edged so as to avoid any chance of underinvestment at any time, for fear of being pulled up by the Controller of Insurance.

While the reasons given by Mr. Srinivasan are no doubt tenable, the fact remains that, although the maximum amount allowed to be invested in non-approved investments was about Rs. 29 crores, advantage was taken of by the insurers only to the tune of about Rs. 6 crores. The real explanation would appear to be that it is not so much Section 27-A as the limit of investment per company that is responsible for the wide gap between the amount permitted to be invested in non-approved securities and the amount actually held in these securities. Although it is unfortunate that this restricts the freedom of the insurer, it cannot perhaps be helped. Sometimes, even good companies would have to suffer because of the few bad ones.

However, there is some force in the point made by the ex-chief of the I.L.A.O.A. that the Central Government should liberally and judiciously exercise the powers vested in it under sub-clause (s) of Section 27-A 1, and declare many more suitable investments as approved investments, so that the insurers could safely and profitably invest in them. If this is done, the margin between the maximum amount that may be held in non-approved investments and the amount which is actually held will become narrower and, to this extent, not only would the insurers benefit but also a number of industrial undertakings in the private sector. There is reason to believe that the Shroff Committee has viewed this particular suggestions realistically and with sympathy.



BUSINESS NOTES

TRANSPORT FOR INDUSTRY

Railway transport shortages to meet the demand of industry have not been overcome and in view of their persistent recurrence the handicaps which they place on the progress of industry cannot be overemphasized. Lala Karam Chand Thapar, presiding over the annual general meeting of the Indian Chamber of Commerce, Calcutta, last Friday, found it imperative to dilate on this question at some length. In addition to intermittent non-availability of wagons and restrictions on bookings on certain sections, loading and unloading prove a vexatious process. The net effect of uncertainty about transport availability is to make it obligatory upon industry to build stocks in excess of normal demand. This obligation, apart from locking up capital, pushes up production costs by raising interest and insurance costs. Mr. Thapar quotes figures to substantiate the decline in the operational efficiency of the railways. Between 1937-38 and 1951-52, wagons miles per engine hour have fallen from 407 to 311 and net ton miles per engine hour have fallen from 2,860 to 2,825. With large quantities of new rolling stock and rehabilitation of track, this deterioration seems due to the human factor and traffic management. It is pertinent to ascertain why this is happening contrary to the expectations of greater speed and efficiency resulting from regrouping. If, as is alleged, there is still the tendency for some major railway systems to function as exclusive units in spite of regrouping, the failure to enforce functional integration must be investigated and remedied. But no purpose would be served by appointing yet another high-powered committee of enquiry. The shortcomings are fairly clear and the real need is for administrative action.

Shortage of transport capacity must be viewed from another important angle. The railway development plan does not envisage expansion to cope with the increase in production. It is common knowledge that industrial as well as agricultural production has kept on increasing. If the rate of the progress of the projects in the Plan is not to be hampered, transport facilities must be increased. Railway expansion is a time-consuming process. Mr. V. T. Krishnamachari, Vice-Chairman of the Planning Commission, has explained in an interview with this journal, published on April 16 last, that the non-availability of rolling stock and equipment has been responsible for the slow rate of expenditure in the railway sector of the Plan. These are clear pointers that railway capacity must be supplemented immediately by expansion of road transport. To begin with, a prompt decision must be made to abolish inter-district and inter-State licensing restrictions on motor vehicles, half of whose capacity is immobilised by them. In the order of priorities, the next measures would be relief in taxation and new construction of roads.

INDIAN ALUMINIUM

With the disappearance of recession in the last quarter of 1953, the difficult phase through which the aluminium industry had to pass recently has definitely come to an end. This phase has again served as a reminder of the perils to which the industry exposes itself by excessive reliance on only one type of production to cater to the demand of the market for utensils.

A happy conclusion to the last year's dismal experience of the Indian Aluminium Company was a rapid revival of output and sale whose rate in the last quarter of 1953, rose by 100 per cent. Mr. K. C. Mahindra, in the course of his presidential address at the last annual general meeting of the company, urged the imperative need to shift the emphasis in production policies from concentration on utensils to wide diversification of output. Immediate scope for diversified production is limited in view of which Mr. Mahindra underlines the importance of expanding exports to the neighbouring countries in Africa. Reduction of production costs and lowering of selling prices is the key to the successful replacement of steel and non-ferrous metal products by aluminium in India as it is elsewhere in the world. The expansion of the company's smelter at Alupuram and of the rolling mills at Belur should bring the economies of large-scale operation. The creation of the large smelter at Hirakud would form a landmark in the Company's expansion. Indigenous aluminium products can successfully replace copper, lead and zinc products, but at a later stage replacement of steel equipment and packings requirements must remain the target of the aluminium industry. It is in this long-range perspective that the speech surveys the prospect.

DUNLOP'S EXPANSION

The Dunlop Rubber Company (India) was able last year not only to retrieve the small ground lost under pressure of market conditions in 1952, but to stabilise the position with a measure of confidence. Expansion of business in 1953, was due to greater sales resulting from lower selling prices and, what is significant, introduction of a new range of products. The trackmaster giant tyre, which met with immediate success on its introduction last year, a variety of sizes of aero tyres and tractor tyres are instances of extension in products. A variety of rubber beltings has made considerable headway in the market. The developing bicycle manufacturing industry in India is creating a growing demand for tyres and rims of indigenous origin. While the principal market for rubber products will continue to be provided by transport requirements, industrial and domestic uses are also steadily increasing. The continued expansion of Dunlop's manufacturing activities is valuable to the country from another angle. First priority for raw material supply is given to South Indian plantations which are currently able to satisfy all the demand and the residue, if any, will be sought from other sources.

MINIMUM WAGES

The Minimum Wages (Amendment) Bill, which extends the time-limit up to the end of 1954 for the fixation of minimum wages under Part I of the Schedule of the Act, relating to industrial employment under specified categories, was passed by the House of the People last week. This extension has provoked criticism in impatient quarters about the lack of keenness on Government's part to implement the policy on a minimum wage and resort to dilatoriness in working it out. Mr. Giri's statement, however, would show the totally misinformed nature of the criticism. In a social legislation of this kind, seeking to cover the whole country, in the face of serious handicaps about statistical data and organization of a machinery for its application, mere haste is in no way conducive to the real enforcement of the provisions of the Act. The Mysore Labour Conference adopted a positive resolution recommending postponement of Part I of the Schedule to the Act in its application throughout the country till the end of December this year, the specific object of the postponement being to charge the Central Advisory Board with the task of examining how the Act had been implemented so far and in the light of this knowledge to determine the nature of the directions to be issued to State Governments for its enforcement. State Governments in turn need requisite time to set up representative special committees for consultation and to go through similar preliminaries. The magnitude of this experiment, no less than the inherent difficulties in it, clearly point out that establishing a sound machinery for the purpose is far more important than the time factor in introducing minimum wages.

Part II of the Schedule dealing with agricultural employment presents a much more complicated and almost insurmountable task. Agricultural labour is seasonal, with widely varying local standards and quite unorganized. There seems little chance that the legislation will be effective on the farm until the state of the farm labour changes radically. It is wishful to expect this result in a short period of time.

The Central Advisory Board has recommended minimum wages varying between Re. 1-2 to Rs. 2 per worker per day in industrial employment. This recommendation requires the fullest consideration from the State Labour Ministers. The basic object of the policy of minimum wages is to ensure a wage of a certain level without impairing the prospect of continued employment. It has transpired in the course of the debate on the Bill in the House of the People that smaller factories and entrepreneurs, coming within the ambit of the Act, have found the incidence of the wage-bill under the scale of minimum wages unbearable, leaving the only alternative of closure or contraction before them. It will be the primary assignment of the State Labour Ministers at their next conference to devise scales of wages that will not reduce employment. The genuine implications of the administration of the Act have not received the serious attention they demand.

PROTECTION FOR PICKERS

The case of the picker industry for continuance of protection, which it has been enjoying for the last five years, has come up before the Tariff Commission. At the last detailed enquiry held early in 1951, continuance of protection in spite of the Tariff Board's finding to the effect that the fair ex-works prices of the indigenous product were lower than the landed cost of imports, was recommended on the specific ground that such a course would enable the industry to overcome consumer prejudice. Mr. B. N. Adarkar's opening speech at the current enquiry does not make any reference to the fact whether this impediment has been overcome. But it appears that attainment of higher quality is not a matter entirely in the hands of the progressive section of the industry. A positive improvement in relative terms has been achieved. But the All-India Picker and Textile Leather Manufacturers' Association has stated the overall position briefly by stressing that, even though its member units adhere strictly to I.S.I. standard specification, many outside its orbit produce substandard products. The average life of indigenous pickers is placed between 150 hours and 350 hours against the average life of imported pickers (mostly from the U.K.) between 400 hours and 600 hours. The major trouble with this industry is that it comprises several small and uneconomic units and it lacks in organisation. Since 1951 out of the 70 units 10 went out of production, out of which only 26 responded to the Tariff Commission's questionnaire.

Though imports, except for automatic looms, have been banned since July 1952, imported stocks built by users have depressed the demand at the present time, according to the producers. It is unlikely, therefore, that importers' demand for withdrawal of protection will be entertained. The Tariff Commission has to rest content with such data as will be placed at its disposal by the 26 organised units, but those should prove representative. Production has declined in the last three years and the demand in all the three types—cotton pickers, jute pickers and other pickers—has also gone down. It is not necessary to probe into the different estimates which have been made in this behalf. The industry seems to require continued nursing by means of protection, in the first instance, and also in other ways. Co-operative organisation for purchase and distribution of hides, training of workers and facilities for testing the product have been asked for by the industry. The small producers cannot be indifferent to the urgency of organisation.

THE PAINT INDUSTRY

Many of the day-to-day difficulties of the paint industry arise from the procedural formalities involved in the deals with the Government departments which constitute a major consumer of its products. But its organizational drawbacks spring from the existence of two apex bodies. Mr. P. C. Chanda devoted a considerable part of his presidential speech at the annual session of the Indian Paint Manufacturers' Association on April 27 to these two topics. The prospect of the merger of the Paint Federation and the I.P.M.A. is remote by any reasonable estimate. In absence of merger, the benefits of concerted and integrated action in the matter of purchase, production, marketing and procurement of facilities for progressive operation will prove not easy of attainment.

Speaking on behalf of the I.M.P.A. which claims to represent a large number of small and medium units, Mr. Chanda frankly stated that enough heed was not paid to the quality of the product and it was difficult to repel the complaints about supply of poor stuff. Scant attention was paid to the needs of technological development. These improvements were beyond the control of isolated units and action on small scale, but in their absence the survival of the small units was difficult. He, therefore, advocated the establishment of a central research laboratory, preferably in the vicinity of Calcutta, under the auspices of the Association. The industry has its value for civilian as well as defence requirements in view of which he urged the revival of the old development committee or formation of an analogous body.

MADRAS STOCK EXCHANGE

The Madras capital market partakes more of a cash market than of a stock exchange market which explains partially the modest size of operations on the latter. In 1953-54, however, this stock exchange saw a pronounced revival of investors' confidence and activity on a scale, which now establishes that the phase of uncertainty that extended in varying degrees for about six years has ended. In the earlier months of the current calendar year, many of the peak quotations of equity values were exceeded and a new tone has been imparted to the market. To quote some of the important groups, textiles were up by 36.9 per cent, plantings by 32.7 per cent and sugars by 21.7 per cent.

Mr. Easwaran, the outgoing President of the Madras Stock Exchange Association, however, is deliberately cautious in his assessment of the revival of confidence on the stock exchange. He qualifies his optimistic appraisal by the important reservation that the spurt in share values has not been matched by the expansion in turnover. Investors have maintained their bias for existing issues and even here the phenomenon is not rare when companies of long established repute and under managements of proved ability had to resort to borrowing as subscription to new equity shares was not encouraging. The number of new public flotations has not been very large and this is because investors have not been able to discard their misgivings about the effect of government policies. There is no doubt a preference for investment in existing issues and an attitude of hesitancy in respect of new ventures. The latter is not due to inability to take risks, but is usually engendered by the investor's own appreciation of the incidence of taxation as well as of labour and industrial legislation. The Company Law Amendment Bill, now on the anvil, has arrested anxious attention and the state of suspense will inevitably continue until it takes final shape. Mr. Easwaran suggests that while the Bill is still under consideration, the stamp duty payable on share transfers should be prescribed and included in the new Act. His reason for its withdrawal from the State Governments is its manipulation for revenue and its progressive incidence on widely varying scales, hampering transfer of shares and liquidity of invest-

ment. Blank transfers also would lose some of their attraction. It hardly needs argument that this logic has little chance of any appeal to the State Governments.

INVESTMENT ALLOWANCE FOR BRITISH SHIPPING

The Indian National Steamship Owners' Association commends to the Government of India Mr. Butler's new relief of tax-free investment allowance calculated to stimulate replacements of shipping. The British shipping industry has welcomed the announcement made by the British Chancellor of the Exchequer when presenting the Budget recently, that a new system of investment allowances would replace the present system of initial depreciation allowances. The new allowance is to give a tax-free allowance equal to part of the cost of the investment in the assets qualifying for it, which in the opinion of the Chancellor, should help the shipping industry carry out the big replacements necessary in the years ahead, and the shipping industry has considered it to be a big step towards meeting the replacement problem. The new system of investment allowance is to be at the rate of 20 per cent for new plant and machinery—not applicable to second-hand plant and machinery—with the consequent tax remission bearing the appearance of an indirect form of subsidy.

The previous method of initial allowances constituted an interest-free loan, which afforded a high total allowance taxation in the first year of expenditure, but at a cost of reduced aid later. Mr. Butler's new system, however, embraces an outright remission to industry of tax on 20 per cent of the cost of capital investment in the year of purchase. In addition it will be given to the full annual depreciation allowances, and while the initial allowances gave help in the first year, but at a cost of smaller allowances in later years, the new investment allowance gives similar help in the first year, but no reduction in subsequent allowances.

EMPLOYEES' STATE INSURANCE SCHEME MODIFIED

The Standing Committee of the Employees' State Insurance Corporation, which met here on April 20 last, unanimously approved of a proposal reducing the share of the cost of medical benefit of the Bombay Government from one-third to one-fourth. The reduction made in the case of Bombay State will also apply to other State Governments. It agreed to a capitation fee of Rs. 6 per insured person per annum being paid to medical practitioners, with an additional 8 annas per head for Greater Bombay and Calcutta.

The Employees' State Insurance Scheme has been scheduled for implementation in Bombay on October 2, 1954, and in Ahmedabad on January 26, 1955. The Government of Bombay intend introducing the panel system in Bombay and the service system in Ahmedabad. The report reviewing the working of the scheme, which was presented to the Committee, disclosed that provisional dates for starting the scheme were fixed viz. in Nagpur at the end of May 1954, Coimbatore about July 1954 and in four industrial centres of Madhya Bharat—Indore, Gwalior, Ujjan and Ratlam—during May this year. "A Control Chart" to watch progress and remove bottlenecks has been evolved with a view to achieving quick results. The Committee decided to appoint Local Advisory Committees in all important centres, where the scheme is in operation or to be implemented, with a view to securing the co-operation of all the interests concerned at the local level.

The proposal of the Government of Madras to adopt the panel system of medical care under the scheme was approved by the Committee. The Committee decided that there should be uniform scales of pay for the staff, not recruited through the U.P.S.C., in the regions. It was further decided that representatives of workers and employers should be associated with the Committees appointed to select the staff.

The Standing Committee approved of the setting up of a sub-committee from among its members to deal with matters of urgency not affecting major policy which are likely to arise from time to time and need settlement authoritatively on its behalf.

FEWER MAN DAYS LOST IN FEBRUARY

Provisional statistics of industrial disputes during February, 1954, show a decrease in the number of disputes and workers involved but an increase in the number of man-days lost as compared with the previous month, according to the Labour Bureau. The total number of disputes during the month was 82 involving 41,003 workers and accounting for a time-loss of 342,805 man-days. The average duration of disputes was 8.4 days as against 6.3 days in January, 1954. Six of the disputes during the month were lock-outs involving 5,063 workers and accounting for a time-loss of 29,725 man-days. Five of these were in West Bengal and one in Bombay.

TATA-MERCEDES-BENZ

The agreement between Tata Engineering and Locomotive Company and Messrs. Daimler-Benz, long established German firm of automobile manufacturers of repute, has reached the final stage of completion. The object of this collaborated engineering enterprise is to start with the manufacture of heavy diesel trucks at Telco's workshops by utilizing its spare capacity and making necessary additions and expansion on a modest scale for economic operation of manufacture of heavy diesel trucks. Initially, the truck manufacture will be limited to chassis making, but in a period of five years complete trucks including engines, transmissions, and so forth, are to be manufactured here. In stages, the scope of the collaborated venture is to be extended to other branches of engineering products of Daimler-Benz, but on this specific project scanty information is available at this stage. The products will be marketed in the name of Tata-Mercedes-Benz. The German firm has undertaken to place at Telco's disposal its technical processes and knowledge. The motive force responsible for the negotiation of this agreement is the significant advantage of undertaking truck manufacture with the minimum of additional capital outlay, while at the same time considerable economies would be possible because of the use of part of the existing plant and personnel. Precise information about the capital expansion needed at the start does not appear to have been released. Expansion is likely to be limited to the addition of necessary plant to be supplied by Daimler-Benz

The agreement is subject to the approval of the Government of India, besides requiring approval of Telco's shareholders.

It is not as if this agreement is free from complications, like most other collaborated industrial ventures with foreign partners. Telco enjoys a government guarantee of a minimum return. Since the 'raison de' etre' of the new enterprise is that utilisation of Telco's idle capacity plus moderate expansion will bring positive benefits of economy in overheads as well as higher efficiency, the guarantee aspect will put the two premier Indian automobile manufacturers at a positive disadvantage. It is not comprehensible how the guarantee obligation can be strictly confined to the locomotive part of the projected joint utilisation of the Telco workshops. The handicaps to the exclusive automobile units must be removed. The exploitation of the potential market for trucks in this country depends upon the Government's policy for motor transport expansion and road development. But until the market for trucks expands, Ashok Motors, who have a joint project of truck manufacture with a British firm in view, have to reckon with this new factor. But on the issue of truck output meagre information, is forthcoming.

COMPANY AFFAIRS

ORIENT PAPER MILLS LTD.

The report of the directors of the Orient Paper Mills Ltd., (Managing Agents: Birla Brothers Ltd.) for the half-year ended 30th September, 1953, shows for the half-year ended 30th September, 1953, shows the figure for sales at Rs. 154.22 lakhs as compared with Rs. 153.75 lakhs for the corresponding half-year in 1952. Net profit (before providing for depreciation and taxation) stands at Rs. 42.40 lakhs. The ordinary dividend rate has been maintained at 20 per cent per annum.

During March, 1954, an amount of Rs. 1,04,87,500 had been capitalized out of reserves consisting of "general reserve", "repairs and renewals" and a part of "dividend equalisation account" as on 31st March, 1953, and was distributed as capital among the ordinary shareholders by the issue of 10,48,750 fully paid-up ordinary shares of Rs. 10 each. No allotment of shares was made to the non-resident shareholders till the approval of the Reserve Bank of India was obtained. These new shares will rank 'pari passu' in all respects with the existing ordinary shares except that they will rank for dividend from 1-10-1953.

The table below summarises the working of the mills during the last three half-years:

(Lakhs of rupees)

Half-year ended	30th Sept. 1952	31st March 1953	30th Sept. 1953
Sales	1,53.75	1,77.56	1,54.22
Net profit (before providing for depreciation and taxation)	41.19	62.32	42.40
Provision for depreciation	5.00	5.00	5.00
Provision for taxation	10.00	31.00	16.00
Salaries and wages	17.42	20.92	22.58
Ordinary dividend rate per cent per annum	20	20	20

Balance sheet as on 30th September, 1953:

Capital and liabilities (lakhs of Rs.)	
Capital	1,21.95
Reserves	2,38.21
Debentures	1,00.00
Provision for taxation	87.09
Sundry liabilities	54.81
Profit and loss account	2.71
TOTAL	6,04.77
Property and assets (lakhs of Rs.)	
Gross block	3,42.04
less depreciation	80.01
Net block	2,62.03
Liquid assets	3,42.74
TOTAL	6,04.77

THE VISHNU COTTON MILL LTD.

The working results of the Vishnu Cotton Mill Ltd., for the year ended 31st December, 1953, show a downward trend both in sales and profits. Net profit (before providing for taxation and depreciation) has dropped from Rs. 27.76 lakhs in 1951 and Rs. 13.40 lakhs in 1952 to Rs. 2.69 lakhs in the year under report. Similarly, total sales have declined from Rs. 2,38.06 lakhs in 1952 to Rs. 2,00.52 lakhs in 1953. According to the directors, conditions in the cloth market continue to be very difficult as regards coarse, medium and fine varieties of cloth. Weak selling policy of other local mills has also contributed to these difficulties.

The directors have transferred Rs. 40,000 from the "reserve for taxation" and Rs. 1,15,000 from the "depreciation, renewal and extension fund" to the surplus available for distribution. The ordinary dividend rate has been scaled down from 14 per cent in 1951 and 10 per cent in 1952 to 4 per cent in 1953.

The fluctuations in the fortune of the Company are tabulated below:

(Figures in lakhs of rupees)

Year ended 31st December	1951	1952	1953
Sales of cloth	2,36.09	2,33.25	1,92.07
Sales of yarn	2.16	1.96	5.69
Sales of waste	2.62	2.86	2.76
Total sales	2,40.87	2,38.06	2,00.52
Net profit (before providing for depreciation and taxation)	27.76	13.40	2.69
Provision for depreciation	7.22	6.69	6.66
Provision for taxation	9.00	2.50	Nil
Dividend rate per cent per annum	14	10	4

THE HINDUSTAN COMMERCIAL BANK LTD.

The audited accounts of the Hindustan Commercial Bank Ltd., for the year ended 31st December, 1953, show a fall of nearly 16 lakhs of rupees in total deposits as compared with the preceding year. The deposits under current account have dropped by about Rs. 21 lakhs. Investments show little variation while advances have registered an increase of Rs. 1.51 lakhs from Rs. 308.47 lakhs to Rs. 309.98 lakhs. Net profit, after providing Rs. 2.71 lakhs for doubtful debts, has also declined from Rs. 80,389 to Rs. 4,551. Interest earnings have shown a nominal rise from Rs. 20.20 lakhs to Rs. 20.45 lakhs. No dividend has been declared.

The progress of the bank during the last two years is outlined in the table below:

(Figures in lakhs of rupees)

	1952	1953
(a) (i) Fixed deposits	2,05.62	2,05.33
(ii) Savings bank deposits	62.48	67.59
(iii) Current account, Contingency account etc.	1,82.70	1,61.76
Total deposits	4,50.83	4,34.69
(b) Investments	2,89.43	2,89.73
(c) Advances	3,08.47	3,09.98
(d) Interest earnings	20.20	20.45
(e) Interest paid on deposits	11.53	12.26
(f) Net profit (after making a provision for bad debts)	0.80	0.05
(g) Provision for depreciation	0.63	1.06
(h) Provision for taxation	Nil	Nil
(i) Dividend rate per cent per annum	Nil	Nil

COMMODITY NEWS AND NOTES

25 PER CENT INCREASE IN COTTON PRODUCTION

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India fourth estimate of cotton for 1953-54 puts the current year's acreage and production at 16,266,000 acres and 3,658,000 bales (of 292 lbs. each) of cotton lint, as against the adjusted estimates of 15,013,000 acres and 2,905,000 bales respectively for 1952-53. The current year's estimate thus shows an increase of 1,253,000 acres or 8.3 per cent in area and 753,000 bales or 25.9 per cent in production over last year. The production of cotton seed is estimated at 1,280,000 tons during 1953-54 as against 1,018,000 tons during 1952-53, thereby showing an incearse of 262,000 tons. The increase in acreage during the current year, reported by almost all the cotton-growing States, has been shared mainly by Madhya Pradesh, Hyderabad, Bombay, Saurashtra, Madhya Bharat, the Punjab and Mysore. This increase is mainly due to timely and sufficient rains received at the time of sowing. The increase in production has also been reported by almost all the cotton-growing States. It is, however, more marked in Bombay, Madhya Bharat, Saurashtra, Madhya Pradesh and the Punjab. This increase is due partly to the increase in acreage and partly to favourable weather conditions during the growing period of the crop. As between the different varieties of cotton, the increase in production has occurred mainly in Americans, Jarilla (including Virnar), Dholleras and Oomras. As regards staple length, the increase is significant in the case of long and medium staple of cotton. The information given in this estimate relates generally to the period up to the end of January 1953. Till then, the condition of the crop was reported to be satisfactory except in parts of Madhya Pradesh and Bombay. This estimate does not cover the entire area sown to this crop during 1953-54. Past experience has shown that the area at the fourth estimate stage forms roughly 95 per cent of the crop finally reported.

FINAL ESTIMATE OF MESTA

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of mesta for 1953-54 puts the current year's area and production at 473,000 acres and 716,000 bales, as against 483,000 acres and 682,000 bales respectively for 1952-53, thereby showing an increase of 34,000 bales or 5.0 per cent in production in spite of a decrease of 10,000 acres or 2.1 per cent in acreage. The decrease in the area under mesta during the current year has been reported mainly by Andhra, Bihar, Orissa and West Bengal and is due to the insufficiency of rainfall and low prices prevailing at the time of sowing. The increase in production is mainly attributable to the large increase reported by Hyderabad due partly to the increase in acreage and partly to favourable climatic conditions during the growing period of the crop. This increase has more than offset the loss in production reported by Andhra, Bihar, Orrisa and West Bengal.

SECOND ESTIMATE OF TUR

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India second estimate of tur (Arhar) for 1953-54 puts the current year's area and production at 5,714,000 acres and 1,804,000 tons, as against the adjusted second estimate of 5,571,000 acres and 1,760,000 tons for 1952-53. The current year's estimate compared to last year's thus, shows an increase of 143,000 acres or 2.6 per cent in area and 44,000 tons or 2.5 per cent in production. The increase in acreage under the crop during the current year has been shared mainly by Hyderabad, Madhya Pradesh and Mysore, and is due to favourable weather conditions at the sowing time and better prices of the crop. The increase in acreage has, however, been offset considerably by the substantial decreases reported from Bihar and Uttar Pradesh due to excessive rains and floods. The information given in this estimate relates generally to the period up to the beginning of January 1954. Till then, the condition of the crop was reported to be generally satisfactory except in some parts of Madhya Pradesh and Andhra. This estimate does not cover the entire area sown to tur during 1953-54. Past experience has shown that the acreage under tur at the second estimate stage forms roughly 95 per cent of the acreage under the crop finally reported. The estimate includes, for the first time, estimates in respect of Mysore State, accounting for an area of 154,000 acres and a production of 8,000 tons during 1953-54.

RAW JUTE IMPORTS IN CALCUTTA

Raw jute imported into Calcutta during February 1954, amounted to 21.6 lakh mounds which were lower by 3.2 lakh maunds than the previous month's arrivals. Aggregate imports of raw jute during July-February, 1953-54, amounted to 188.1 lakh maunds, of which 134.0 lakh maunds were of Indian and 54.1 lakh maunds of Pakistan origin. In the corresponding period of the previous season (1952-53) total arrivals were 187.6 lakh maunds, of which Pakistan accounted for 51.1 lakh maunds, the remainder having come from Indian sources.

INDIA'S IMPORT OF EGYPTIAN COTTON

India was Egypt's best cotton customer in February taking up a total of 28,667 bales which brought up her purchases from Egypt from September 1, 1953, to 70,124 bales. According to official Egyptian statistics, the U.K. took the second largest amount in February—19,647 bales. The total amount bought by the U.K. from the start of Egypt's current cotton season (September 1, 1953) was 80,863 bales, the largest amount taken up by a single country so far. India's total for the season was second on the list.

PURCHASE OF SUGAR FROM ABROAD

The Government of India have concluded the purchase of 300,000 tons of sugar from abroad. Purchases have been made from Great Britain, Cuba, Spain, Peru and Formosa. All this sugar is expected to arrive at Indian ports at the rate of 100,000 tons per month beginning from the second week of May.

IRANIAN TOBACCO FOR RUSSIAN SUGAR

The Government of Iran has decided to supply to Russia with Iranian tobacco in return for the Soviet sugar. Iran's tobacco yield has been doubled during the current season and large quantities of this item will be exported to foreign countries in the near future. Government representatives are negotiating with tobacco importers in Europe and the U.S.A. and a world-wide propaganda is carried out to popularize Iranian tobacco.

INDIA'S COTTON IMPORTS

The Union Commerce and Industry Minister told the House of the People recently that the procurement and import programme for cotton for the current season had been settled. The Cotton Advisory Board had suggested that the country's requirements of foreign cotton during the cotton season 1953-54 would be about six lakh bales. Imports of foreign cotton were being allowed to meet the country's requirements.

COMPANY MEETING

INDIAN ALUMINIUM COMPANY LTD.

Chairman's Speech delivered by Mr. K. C. Mahindra at the Sixteenth Annual Shareholders Meeting held in Calcutta on April 23, 1954.

Gentlemen,

The audited accounts of the Company for the year ended 31st December, 1953, and the accompanying Directors' Report have been circulated.

The reasons for the unfavourable results shown in the accounts for the past year have been fully stated in the Directors' Report and I do not propose to go over the same ground. I would like, however, to comment briefly upon how I view the Company's position in the light of current developments and give some perspective to the future.

The fortunes of companies, like those of individuals, are influenced by the environment in which they live and operate. The prosperity of the Indian aluminium industry has so far largely revolved around the utensil market, which is a market particularly sensitive to general economic conditions prevailing in the country. The income of the average consumer is so small that even a slight rise in the price of food causes a considerable reduction in the purchases of less essential articles. During the first eight months of last year, food prices increased by 18 per cent and as the cost of living rose, consumption levels declined. However, during the last four months of the year prices started to decline from the peak reached in August, following the good harvest in that season, and as the year closed, business was improving and there were signs of revived confidence in the economy.

Coupled with the recession in demand for aluminium was the increased competition experienced from the scrap rollers. The two main rollers who produce their own virgin metal are at a serious disadvantage in this competition compared to the numerous opportunists rolling scrap on a small scale without regard to quality. So-called surplus profits from our rolling mills are expected to subsidize the return on our smelting enterprises. Unfortunately, there just are not enough profits to do this as you painfully are aware.

These events have told their lesson. We still have an uphill task before us but the worst, I believe, is now over. Although the utensil market is once again active, we do not propose to relax our efforts to increase our outlets, diversify our products and find new markets. Our production and selling rate of rolled products is now double the average rate during 1953, and while the major portion of it is still destined for the utensil market, an increasing proportion is for industrial applications.

An interesting commercial prospect is opened up in the possibilities of export to the neighbouring countries in Africa, the Middle East and Asia. During the last session of Parliament, an Act was passed which aims at encouraging India's export trade by allowing a draw-back of duty paid on raw material imported from abroad for use in the manufacture of articles for export. This Act applies to aluminium manufacture also; we should be able to secure a substantial part of the business by rolling aluminium sheets and circles from imported ingot for use in utensils for export to various long-established markets outside India. This, however, would only provide an outlet for our rolled products. We should create the conditions under which export needs can be met not from imported ingot, but from indigenous metal and so that the markets for Indian manufactures abroad will not be limited only to utensils, but extend to other fabricated products.

In my address to you last year, I dwelt at length on the numerous new uses being developed for aluminium which form the basis of the remarkable increase in world production of the metal to its present level of about 2 million tons and of the plans for its further expansion. As a recent United Nations report has pointed out, aluminium production has increased by 10 per cent per year since the beginning of the century, or, in other words, output has doubled every seven years. At this rate, world production of primary aluminium should reach 4 million tons by 1960 and there is every reason to expect it to continue growing at a rapid rate for many decades to come. In America and Europe a large part of the increase in alminium has been as a replacement for other non-ferrous metals, but about half the total consumption is for uses in direct competition with steel. It should, however, be remembered that the world production of aluminium constitutes hardly 3 per cent of the world output of steel and is not expected to increase to more than 5 per cent by 1960. Aluminium is now being increasingly employed in rail and road transport, civil and mechanical engineering, shipbuilding, household equipment and packaging. Most of the steel so far displaced by aluminium has been in the form of sheets, where aluminium production is 4 per cent of world production of thin steel flat products on a volume basis, compared to only 1 to 1½ per cent in the case of tubes, light structural shapes, castings and forgings. Aluminium is thus proving a more suitable metal than other non-ferrous metals and steel in ever-widening fields of application.

The resources of copper, lead and zinc in India are limited and about Rs. 14 crores annually are being spent in imports of these metals to meet requirements. Steel supplies also are inadequate and only about 2 million tons of finished steel are expected to be available from internal sources by 1957 compared to estimated requirements of about 3 million tons. With the upsurge of industrial activity there is going to be a growing demand both for ferrous and non-ferrous metals in India. While for certain industrial uses in the West aluminium may compete with steel, in India, for many many years to come, aluminium and steel will play supplementary roles in providing the necessary basic materials for industrial development.

In the face of these needs and possibilities, it is somewhat surprising to find the scepticism with which even some responsible persons view the proposed expansion of aluminium production in India to 20,000 tons per annum of primary metal by 1957. What answer am I to give to such scepticism? I would say that there is certainly no hope of developing the indigenous aluminium industry so long as it is confined to small production units with a high-cost and high-price structure and serving a restricted market. Ours is a poor country and we, particularly, must rely upon a low-cost and low-price economy. Whether it is aluminium for utensils for the villager or aluminium for industrial applications, markets will only be won and held by lowering costs and prices, while at the same time maintaining high quality and rendering better service to the customers than is provided by sellers of competing materials.

Writing on "Aluminium versus Rest" Oscar R. Hobson, the doyen of city editors of the U.K. dailies, had this to say in the "News Chronicle" of London—"but demand is necessarily dependent upon price and if aluminium is to seize the vast opportunities laid before it

by science it will need to be cheaper. Not much cheaper, perhaps, as its advantages seem to be so great that a small reduction in its price would probably lead to a very great increase in its use. Until such a reduction in prices occurs aluminium will probably not make very much more headway, as manufacturers feel that at twice the price of steel most of the advantages are outweighed. The future of aluminium is thus now solely a matter of price".

An appreciable reduction in costs can only be achieved by increased production. The expansions of the smelter at Alupuram and the rolling mills at Belur are expected to be completed by the middle of this year and we look, as a result, for a satisfying improvement in production costs. In the case of the smelter it is something we have been waiting for since 1947—now for the first time we shall be making full use of our investment in bauxite mines, alumina recovery, and smelting. It would be pleasant to speculate on the fortunes of this Company had we been supplied with full power in mid-1947 as contracted for. Such speculation is not profitable; indulgence in recrimination never is. Our faith and patience have been rewarded, which strengthens us for the next big task we face, namely, a new modern large smelter at Hirakud.

As you know, we have been licensed to build a smelter at Hirakud with initial capacity of 10,000 tons and capable of easy expansion to 20,000 tons. In conjunction with our Canadian consulting engineers we have gone as far as is practicable with this project; before we go any further, however, we must be satisfied of the date on which our requirements of firm continuous electric power will be available. The question of financing is prominently before us but in view of its complexity and the general investment climate it does not admit of any easy solution.

May I at this stage avail myself of the privilege of expressing my personal views on topics of more general interest? We have lately had a series of controversial disquisitions on the merits of "rationalisation". It appears strange indeed that none of the disputants seems to have bothered to find out what rationalisation actually means. Admittedly, there is no Hindi equivalent of this word. I turn, therefore, to the Oxford Dictionary where **to rationalise** is "(Econ) to reform an industry by making production balance consumption and by co-operation of rival industries and of capital and labour, when **rationalisation**". In the text of this definition are to be found answers to the many ill-inspired criticisms. Do we not by continuous process of adjustment, day-in day-out, bring our actions into conformity with reason? Do we not, each one of us, attempt to get the most out of our activities by a more efficient handling of our time, our tools, and our talents? It appears to me that the present controversy over rationalisation is an overflow of the talk on employment which engaged our press and platform a few months ago. Our politicians and trade union leaders, who so dearly love to talk in platitudes, have not stopped to think of the implications and nuances of basic employment which is only a reflection of the problem of population in this country. It is disheartening to observe that the outstanding publication of the last few years has remained comparatively unnoticed by the press, by the legislators, by the politicians, and even by our statesmen, I refer here to Mr. R. A. Gopalaswami's very able exposition of this problem in "Census of India, 1951". The ultimate meaning of much of recent history and present problems is to be found in this report.

Rather less than 20 per cent of the earth's surface is suitable for crop cultivation and of this area approximately half lies in the tropical zone. It is on this 20 per cent of the earth's surface that the great bulk of the world's population is at present concentrated. In Asia already dense populations press constantly upon the limits of subsistence and have perhaps been kept in check, and only just, by harsh natural controls of famine, war, pestilence, and natural calamities. In Eastern Europe and agricultural Asia cycles of population increase have been started which are now difficult to arrest. The deceptive gifts of medical science cutting death rates all over the world without limiting births will soon make the world a permanent and hopeless slum. Besides, health and welfare measures may be favouring the reproduction of weak human strains.

For large sections of our population today productivity has little to offer above the necessities of existence. In order to cope with the increased population the increase in agricultural productivity required is of the order of 21 per cent before 1961, 37 per cent before 1971 and 54 per cent before 1981. Are our various development plans capable of contributing to increased production on such a scale? The Census Commissioner says 'No'.

How much time have we in this matter? Very little, according to the Census Commissioner. In the context of his findings, the present-day problem of unemployment is but a pale reflections of the very grave emergency of population growth facing our country. It is felt that research into the physiological and medical aspects of human fertility and its control, education and persuasion in the matter of family planning are not enough and more radical measures will be necessary. People have to be convinced that the "occurrence of improvident maternity should evoke social disapproval as no other form of anti-social self-indulgence".

At certain periods of history, in other lands births have been held at a premium and every child born brought material reward to the parents from the State. In our country today the position deserves to be reversed—and one would wish for a far-seeing statesmanship to emerge and boldly stake on a policy that will discourage excessive births and penalise, if necessary, improvident maternity. Our religions and our culture do not demand the bringing into this world of hosts of innocent children who will have no future except one of misery, starvation and inescapable penury.

I should like to make reference to one other matter before I conclude. In the Welfare State in which we live the Government is playing an increasing role in guiding the development of industry and prescribing the limits within which it can operate. Government policies have a profound influence on the affairs of our Company, particularly in the matter of import control and duties. It is anticipated that the Tariff Commission will undertake an enquiry into the aluminium industry in the course of this year. For our part, I may say, we seek no special advantage and would welcome a tariff policy which would ensure the long-term stability and progress of the industry. Now that the feasibility of production of primary aluminium in India has been proven, the plan and structure of protection for this essential industry need revision. We believe it has become vitally important at this stage to design our fiscal policies respecting aluminium in such a way as to produce direct incentives for expansion in demand, and not merely generate conditions for instituting production of the primary ingot. For several years past we have been hobbling along on the crutches of a high protective duty. It is to be hoped that this year we can exchange these crutches for a small cane even if we cannot dispense with such props altogether. The Taxation Enquiry Commission which is expected to complete its work during the current year is dealing with matters of vital concern to us and I sincerely hope that its labours will bring about some reform of fiscal conditions which would provide an incentive for industry to expand and raise the financial resources that are needed.

The employees of the Company have served the Company loyally and well during this difficult period of expansion and development both of production and sales operations, and I should like, on your behalf and mine, to express our appreciation of their services.

COMPANY MEETING

THE DUNLOP RUBBER CO. (INDIA) LTD.

MR. CECIL STACK'S REVIEW

The 28th Annual General Meeting of The Dunlop Rubber Co. (India), Ltd., was held on the 29th April, in Calcutta. Mr. Cecil Stack, Managing Director, said:

The Directors' Report and Accounts for the year 1953, have been in your hands for some time and with your permission I will take them as read.

THE YEAR'S TRADING

You will recall that last year I referred to the sharp decline in demand compared with 1951, which resulted in substantially lower sales in 1952. In 1953, the position became more stabilised with business at a somewhat higher level than during most of the previous year. The volume of sales of nearly all of our products improved satisfactorily. On the other hand, total sales in value were 40 lakhs of rupees, or 3 per cent, lower than in 1952, due to reductions in selling prices. As I indicated at our last Annual General Meeting, falling raw material prices enabled us to reduce cycle tyre prices in April, 1952, and motor and giant prices in September, 1952. Further substantial reductions were made in March 1953, affecting all tyres and also Dunlopillo cushioning. Later in the year a downward revision of Industrial Belting prices became possible as the result of expanding production.

Tyre stocks were adequate throughout most of the year under review but the distribution of our products was again interrupted by unsatisfactory transport conditions, mainly lack of railway wagons, thus causing temporary shortages in various parts of the country.

The net profit for the year was Rs. 7 lakhs less than in 1952, but the ratio of profit to turnover was almost the same as in the previous year—7.4 per cent before deduction of tax compared with 7.7 per cent. After taxation the corresponding figures are 4.6 per cent and 4.8 per cent in 1953 and 1952 respectively.

PRODUCTS

Our technical staff have constantly under review the development of new methods of manufacture and the use and application of new materials, so that the trend of world development is reflected in our products wherever possible. For example, rayon which provides certain definite advantages in tyre performance has, during the past year, replaced cotton in our giant tyre range. Similarly, we are continually seeking to satisfy the need for special performance tyres, and in this connection our Trakmaster Giant Tyre, designed for use where roads are bad or non-existent, was introduced during the year and proved an immediate success.

Our sales of bullock cart tyres have increased steadily from year to year indicating that a growing body of cart owners appreciate the advantages and ultimate economy of pneumatic tyre equipment as opposed to iron-shod wheels. The use of modern agricultural machinery is creating an increasing demand for Tractor Tyres and plant has been installed at our Factory to produce those sizes for which there is sufficient demand to justify economic manufacture.

Record quantities of cycle tyres and cycle rims were manufactured and sold by us in 1953. India's bicycle manufacturing industry is growing rapidly and the development of this industry is of considerable interest to us for the reason that we supply most of its original equipment requirements of tyres and rims.

Before leaving our tyre range, I would like to refer to aero tyres, which although so far a comparatively small part of our business, nevertheless receive more than a proportionate share of our efforts to meet the nation's requirements. As a result of the continual progress in aircraft design, tyre manufacturers are constantly faced with fresh problems in developing tyres to meet different and invariably more arduous conditions. A number of new sizes was added to our range last year, the latest being the first tyre to be made in India for use on jet aircraft.

Turning now to our other products, Dunlopillo Latex Foam cushioning has continued to make steady progress. Apart from the comfort of this type of cushioning which is the chief attraction to the domestic user, the fact of its long life and consequent low ultimate cost is becoming more widely known, with the result that it is being increasingly specified for public buildings, hospitals and transport services.

Industrial Transmission Belting has made such remarkable progress that we were able to reduce our prices substantially in August, 1953. As I advised you last year, our plant was the first installation in India capable of producing high quality rubber ply belting to British Standard Specifications and it is gratifying to know that industry generally is finding it a useful source of supply. During the year a start was also made with the manufacture of Conveyor Belting and the results are most encouraging.

Considerable progress has been made in our manufacture of Fan Belts and Industrial Vee Belts. The range of sizes has been expanded and the quality achieved is highly satisfactory.

Each year since the war has seen an extension to the range of products made at Sahaganj and this has ensured a steady expansion of our manufacturing activities. It should also be a source of encouragement to the rubber plantation industry in considering their replanting policies.

RAW MATERIALS

The raw material supply position was satisfactory throughout the year and the shipping facilities for imported materials improved. This enabled us to reduce our stocks of imported chemicals, which provided a welcome saving in the amount of capital invested in our inventories. The general price trend was downwards, although to a lesser extent than in the latter half of 1952. There has been no change in the controlled price of indigenous rubber since it was increased in October, 1952. Throughout the year we were able to obtain all our requirements from South India.

PROFIT AND LOSS ACCOUNT

I have already referred to the decline in turnover and net profit compared with the previous year. After deducting the charge for taxation the balance of profit available for disposal is Rs. 62,39,833 compared with Rs. 73,58,469 for 1952. The Directors are recommending the same rate of Ordinary Dividend as for 1952, that is 15 per cent, which will absorb Rs. 24 lakhs. The Directors also recommend the transfer of Rs. 24,00,000 to General Reserve as against Rs. 39 lakhs

last year. This will increase the total General Reserve to Rs. 1 crore 38 lakhs, as shown in the Balance Sheet.

BALANCE SHEET

The Company expended Rs. 48½ lakhs on additions to Fixed Assets, against Rs. 50 lakhs in 1952. These additions in the main consisted of extensions to our housing estate and further additional plant for new products. The depreciation written off in 1953 was Rs. 27,78,000 compared with Rs. 25,93,000 in the previous year.

Inventories at Rs. 3,62,59,000 were Rs. 64 lakhs lower than at the end of 1952. This is partly due to the saving in imported materials to which I have already referred, and partly to lower costs. Other Current Assets are a little higher but the reduction in Inventories is responsible for lowering Total Current Assets by Rs. 57 lakhs and net capital employed by almost the same amount. Consequently the closing Bank Overdraft is now down to Rs. 88 lakhs compared with Rs. 146 lakhs at the end of 1952. Year's profits to the extent of Rs. 145,00,000 have not been distributed but have been retained in the business and the total reserve and the surplus at the end of 1953 amounted to Rs. 160,00,000. These retained profits are fully employed in the business representing as they do a substantial part of the increases during the same period of Rs. 212,00,000 in gross fixed assets and Rs. 121,00,000 in working capital.

EMPLOYEE RELATIONS

The Company has a high reputation for working conditions and general labour relations. We are proud of our record in the provision of social amenities for our employees, which we are continually improving and extending. In the last two years alone, despite less favourable trading conditions, expenditure on employees' living accommodation, canteen, school and other services was Rs. 27 lakhs. We are always conscious of the ungrudging and skilled service which the Company receives from its employees. Throughout the year under review all employees, both staff and operatives, have played their part to the full in overcoming our difficulties and achieving the results of which I have told you. I would like once again to send them your warm appreciation and thanks for their continued support and devotion to duty.

Before concluding, I would like to refer to the retirement of our Works Director, Mr. R. F. Bennett, who resigned from the Board on 31st December last. Mr. Bennett had been at Sahaganj since the inception of our Factory in 1936 and was Works Director for the last 14 years of his stay. I feel sure you will wish to join the Directors in expressing our great appreciation of the long and valuable services rendered by Mr. Bennett.

Mr. Bennet is succeeded by Mr. F. G. W. Jackson, who has been Mr. Bennett's deputy since 1951 and who has served in the Dunlop organisation here and in other countries continuously since 1926, with the exception of the war years. On your behalf I would like to welcome Mr. Jackson as a member of our Board.

IN BIHAR

It's THE SEARCHLIGHT & PRADEEP

For years advertisers have consistently used the columns of THE SEARCHLIGHT (English Daily) and PRADEEP (Hindi Daily) to sell their products in Bihar. The reason is simple : no other paper can give such satisfactory coverage of the territory as THE SEARCHLIGHT and PRADEEP.

And Remember:

Bihar is becoming an increasingly prosperous market. The Five-Year Plan has allotted a sum of Rs. 57.79 crores for the development and improvement of the State's agriculture and irrigation, transport and social services. The efforts to raise the standard of living of the people are already bearing fruit. In Bihar, more and more goods and services are in demand now—a demand that will continue to increase every day. That's why *more* advertisers are today using *more* space in THE SEARCHLIGHT and PRADEEP than any time in the past.

CASH IN ON THE RISING BIHAR MARKET

Advertise

in

THE SEARCHLIGHT & PRADEEP

(English Daily) PATNA (Hindi Daily)

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.4	359 2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
June 1953 ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87.2	94.4
July ,, c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
Week Ending										
13-3-1954 ..	368.9	468.7	354.7	372.6*	686.1	393.3*	90.4	101.5	87.8	102.3
20-3-1954 ..	371.3	459.8	355.6	375.7	686.3	394.0	90.4	101.4	88.0	102.3
27-3-1954 ..	378.0	461.4	357.2	375.8	690.0	396.8	90.4	101.4	88.1	102.6
3-4-1954 ..	380.5	464.0	358.7	378.7*	703.9	399.6*	90.6	101.4	88.3	102.9
10-4-1954 ..	389.0	472.2	359.9	380.6	706.3	404.4	90.7	101.4	88.3	103.5

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

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay	Bombay June 1934 =100	Ahmedabad July 1927 = 100	Delhi Delhi†	Bengal Calcutta	U. P. Kanpur	Central Provinces Nagpur	Central Provinces Jubbulpore†	Madras Madras June 1936 = 100	E.P. Ludhiana†	Bihar Jamshedpur†	All India†
1939 (Aug.-Dec.)	103	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	387	147	351	147	156	145
1953 March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	141
1954 January	346	363	269	139	325	442	377	—	353	—	—	—
February	331	348	257	139	316	432	—	—	353	—	—	—
March	—	—	—	138	—	416	—	—	345	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED 25-4-1954			18-4-1954			11-4-1954			4-4-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	93-14	91- 4	92- 9	94-10	93- 0	93-14	95- 6	91- 4	93- 9	91- 6	89- 6	90- 7
Silver (per100 fine tolas)	170-12	165-14	168- 3	173- 7	169- 5	170-14	173-14	169-15	171-11	169- 3	167-10	168- 8

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92·53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75·43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52·89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54·57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54·16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53·58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53·58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54·00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54·32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55·73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56·74	93,80	421,35	1,190,83
March ,,	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57·22	93,12	421,34	1,202,63
Week Ending										
12-3-1954	1,194,00	8,27	1,202,27	40,02	648,15	688,17	57·24	92,76	421,34	1,202,27
19-3-1954	1,190,11	12,40	1,202,51	40,02	648,15	688,17	57·23	93,00	421,34	1,202,51
26-3-1954	1,185,92	17,23	1,203,16	40,02	648,15	688,17	57·20	93,65	421,34	1,203,16
2-4-1954	1,207,74	10,63	1,217,67	40,02	658,15	698,17	57·34	98,16	421,34	1,217,67
9-4-1954	1,226,28	10,67	1,236,95	40,02	678,15	718,17	58 06	97,44	421,34	1,236·95
16-4-1954	1,230,00	6,94	1,236,94	40,02	678,15	718,17	58.06	97,44	421,34	1,236,94

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	485
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	414
	(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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22,49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
March ,,	80,90	42,08	40,44	42,99	206,41	24,92	241,32	12,72	10,46	99,86	1,12	39,83	68,70	8,64
Week Ending														
12-3-1954	99,06	21,51	41,21	42,79	204,57	23,57	238,13	8,49	10,94	97,92	2,01	39,19	70,96	8,62
19-3-1954	64,02	62,56	38,89	42,78	208,24	26,74	244,98	12,65	10,74	101,88	48	44,24	66,36	8,63
26-3-1954	65,77	62,59	42,41	43,76	214,52	25,08	249,60	17,55	10,74	104,82	51	41,10	66,16	8,72
2-4-1954	63,59	38,95	42,06	44,66	189,26	27,06	226,32	10,84	11,33	96,04	1,01	32,30	65,84	8,96
9-4-1954	60.61	27,08	42,33	45,38	175,40	27,33	212,72	10,96	14,75	74,77	1,66	36,60	64,99	9,00
16-4-1954	51,33	29,60	42,14	45,38	168,45	30,08	208,53	7,21	14,58	74,18	98	37,90	64,65	9,02

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

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	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	61.77	303,48§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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
Week Ending										
18-9-1953 ..	521,78	329,76	851,54	30,77	46,95	9.13	421,21	42,45	54.45	333,16
25-9-1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2-10-953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16-10-1953 ..	520,35	332,92	853,27	30,06	50,34	9.42	420,89	38,62	53.85	336,15
23-10-1195 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	517,78	331.15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16
29-1-1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5-2-1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12-2-1954 ..	513,66	330,41	844,07	32,60	39,40	8.53	461,68	53.56	61.04	320,61
19-2-1954 ..	522,30	331,20	853,50	31,96	39,84	8.41	462,46	55,88	60.73	320,14
26-2-1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	458,52	62,89	61.19	319,23
5-3-1954 ..	522,74	330,71	853,45	32,13	37,38	8.14	461,30	66,30	61.82	318,76
12-3-1954 ..	525,76	329,57	855,34	31,75	40,19	8 41	466,18	64,16	62 00	318,03
19-3-1954 ..	518,74	327,14	845,88	30,93	38,60	8.22	470,51	66,51	63.49	317,10
26-3-1954 ..	528,89	327,57	856,46	32,07	40,83	8.51	469,85	68,34	62.84	318,87
2-4-1954 ..	541,51	325,41	866,93	31,38	50,45	9.44	472,23	73,27	62.92	318,83
9-4-1954 ..	539,86	327,84	867,70	31,26	41,56	8.39	477,93	74,23	63.64	316,33
16-4-1954 ..	542,20	328,06	870,26	33,00	41,07	8.51	481,61	75,13	64.09	312,38

*Undivided India §Average of weeks from November 1951 †Including Bills Discounted

INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Full year 1952	February 1954		2 Months Jan–Feb.	
		1952	1954	1953	1954
Total All Exports	114,717	51,067	12,379	15,857	29,546
Of which :-					
Tea	48,743	18,768	6,628	6,882	16,742
Leather, leather manufactures & dressed furs	9,284	7,237	922	1,926	2,884
Tobacco & tobacco manufactures	6,956	2,765	20	426	233
Hides, skins & fur skins, undressed	540	484	80	178	199
Wool & other animal hair	3,496	2,513	397	770	1,255
Cotton	2,297	1,765	319	713	657
Miscellaneous textile fibres & waste	1,395	326	63	108	89
Metalliferous ores & mstal scrap	3,960	2,387	515	813	731
Miscellaneous animal & vegetable crude materials, inedible	4,364	1,595	368	666	860
Anima & vegetable oils, fats, greases & deriatives	3,573	1,819	24	675	78
Miscellaneous textile manufactures	16,578	5,702	1,836	1,169	3,356

* Mainly manganese ore. @ Mainly carpets, floor rugs, etc.

II. PRINCIPAL IMPORTS

(Thousand £)

	Full year 1952	February 1954		2 Months Jan–Feb.	
		1953	1954	1953	1954
Total All Imports	112,635	55,134	7,397	18,025	18,405
Of which :					
Machinery other than electric	29,595	14,395	1,924	5,166	4,661
Electric machinery, apparatus & appliances	17,138	10,234	872	3,409	2,560
Wool & other animal hair	3,293	2,420	298	612	661
Petroleum & petroleum products	2,509	2,082	406	453	883
Chemicals	13,426	5,423	953	1,585	2,198
Paper, paperboard & manufacture thereof	1,923	724	74	246	152
Iron and steel	4,785	2,082	423	689	937
Non-ferrous base metals	1,631	1,090	62	362	190
Manufactures of metals	6,329	3,405	392	1,068	795
Railway vehicles	5,655	2,162	308	701	636
Road vehicles & aircraft	9,564	3,872	546	1,266	1,461
Scientific instruments; photographic & optical goods; watches & clocks	1,896	1,077	123	466	322

III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Full year 1952	February 1954		2 Months Jan-Feb.	
		1952	1953	1952	1953
Total Machinery	46,733	24,629	2,796	8,575	7,221
Of which :-					
Boiler & boiler-house plant	1,458	899	140	319	320
Internal combustion engines	4,511	729	117	270	290
Agricultural machinery	495	83	6	25	19
Machine tools (excluding portable power tools)	1,336	1,012	104	330	296
Pumps	980	452	31	170	81
Industrial & works trucks & tractors & mechanical handling equipment	1,024	727	70	248	181
Excavating & earth-moving machinery & road rollers	867	251	40	138	60
Mining & well drilling machinery	546	285	48	86	94
Printing & bookbindig machinery & printing type	628	341	42	103	70
Textile machinery	8,668	3,818	475	1,644	1,209
Air-conditioning & refrigerating machinery	253	143	15	45	39
Generating sets, generators & motors	2,184	1,623	141	553	346
Converting machinery, transformers, switch gear & switchboardds	3,321	2,248	196	666	586
Electronic vavels, & radio, television, radar & sound reproducing apparatus	2,203	843	27	309	209
Electric cables, wires, strips & strands, insulated	5,026	3,476	227	1,305	545

Source :—Trade and Navigation Accounts of the U.K. (H.M.S.O.)

MONTHLY STATISTICS

(Monthly Averages or Calendar Months)

	1951	1952	1953 July	1953 August	1953 Sept.	1953 Oct.	1953 Nov.	1953 Dec.
Foreign Trade								
By Land, Sea & Air—								
Imports (Rs. lakhs) ..	71,18	66,80	51,70	50,00	46,41	45,52	38,93	39,32
Exports (Rs. lakhs) ..	65,30	51,58	40,98	40,05	49,35	48,02	48,73	51,53
ii Unit Value Index—								
(1948-49=100)								
Imports ..	128	130	111	111	110	114	111	..
Exports ..	160	131	110	113	112	111	112	..
iii Quantum Index—								
(1948-49=100)								
Imports ..	108	105	94	92	84	82	72	..
Exports ..	114	106	102	96	121	119	119	..
II Industrial Production								
i Cotton Cloth (Million yards) ..	340	383	436	414	396	407	369	421
ii Cotton Yarn (Million lbs) ..	109	121	133	127	126	130	120	135
iii Jute Manufactures (000 tons) ..	73	79	78	68	73	67	69	78
iv Steel (Ingots & Castings) (000 tons) ..	125	132	104	100	103	133	147	148
v Paper and paper boards (tons) ..	10,993	11,459	13,241	12,400	11,872	12,285	10,813	..
vi Sulphuric Acid (000 cwts) ..	178	160	198	211	200	206	206	..
Index of Industrial production (1946=100) ..	117	129	136	131	137	133	136	..
III Fuel and Power								
i Coal Production (000 tons) ..	2,859	3,019	2,753	2,747	2,972	2,937	2,677	3,163
ii Coal Despatches (000 ton) ..	2,435	2,591	2,513	2,506	2,576	2,703	2,555	2,547
iii Electricity Generated (Million kwh) ..	488	510	588	588	577	583	563	604
iv Electricity Sold (Million kwh) ..	397	420	471	469	464	469	456	487
IV Industrial Disputes: Number of man days lost (000) ..	318	278	131	225	467	402	345	474
V Employment Exchanges:								
i Number on register at the end of the period (000) ..	329	438	493	499	512	515	508	522
ii Number of vacancies outstanding at the end of the period (000) ..	22	23	18	17	18	20	22	..
VI Inland Transport:								
Railway Freight Ton Miles (Millions) ..	2,336	2,372	..	..	..	..	..	..
ii No. of Wagons loaded ..	569	584	538	540	543	557	550	..
VII Public Finance: (Central Govt.)								
i Revenue Receipts (Rs. Lakhs) ..	43,86	38,72	29,44	39,78	41,73	..	..	..
ii Import Duties (,,) ..	18,50	15,86	..	..	..	..	..	..
iii Export Duties (,,) ..	6,84	4,86	..	..	..	..	..	..
iv Central Excise (,,) ..	7,66	5,75	..	..	..	..	..	..
v Expenditure on (,,) Revenue Account ..	20,57	23,69	15,46	11,29	..	..	..	..
vi Cash Balances with Reserve Bank (Rs. Crores) * ..	210	175	108	134	137	109	98	100

* Last Friday Figures.

Wages and Earnings

TOTAL EARNINGS OF FACTORY WORKERS DRAWING LESS THAN Rs. 200 PER MONTH EXCLUDING THOSE EMPLOYED IN RAILWAY WORKSHOPS

(In thousands of Rupees)

STATE	1939	1945	1946	1947	1948	1949	1950	1951	1952*
Assam ..	5649†	10585†	10684	13660	17022	18768	21271	23549	28437
Bihar ..	29375	58142	59259	82920	106275	123080	135102	166002@	160590
Bombay ..	144367	524903	59259	591839	713024	846271	765325	799117@	846862
Madhya Pradesh ..	—	33353	26279	42714	47010	61061	[illegible]	[illegible]	[illegible]
Madras ..	24622	78147	88823	123439	136153	180039	185295	200713	250851
Orissa ..	515	2049	1929	3027	4449	4554	4988	8786	11805
Punjab ..	3829§	18640§	17857§	14454	20282	26703	34637	36812	40131
Uttar Pradesh ..	25485	124911	119904	133432	174352	198685	190264	167790@	164524
West Bengal ..	113424§	282735§	267307§	337875	432025	489577	480941	533408	524882
Ajmer ..	1049	2878	3167	3186	3971	3600	4776	4946	4968
Coorg ..	—	6	6	15	11	15	76	111	133
Delhi ..	5145	24412	25971	26078	36426	41154	42270	55336	48355
Travancore-Cochin ..	—	—	—	—	—	—	—	26149	—
Andaman and Nicobar Islands ..	—	—	—	—	—	—	1097	1176	1095

AVERAGE ANNUAL EARNINGS OF FACTORY WORKERS DRAWING LESS THAN Rs. 200 PER MONTH ||

STATE	1939	1945	1946	1947	1948	1949	1950	1951*	1952
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assam ..	263.7	660.5	687.5	755.5	795.8	942.8	1018.6	1017.9	1086.
Bihar ..	415.5	538.7	544.0	819.8	946.2	983.9	1059.1	1241.5@	1422.
Bombay ..	370.4	814.7	812.3	977.9	1141.9	1210.1	1170.3	1270.5@	1338.8
Madhya Pradesh ..	—	530.6	479.7	572.3	609.2	841.9	836.8	862.0	876.8
Madras ..	175.9	357.6	422.2	560.3	611.8	726.6	591.2	664.9	837.8
Orissa ..	161.8	417.2	440.1	493.6	612.6	527.0	680.6	762.4	847.2
Punjab ..	296.0	578.8	602.0§	628.2	675.9	858.7	771.3	756.0	806.4
Uttar Pradesh ..	235.6	551.7	593.6	672.8	887.1	993.0	933.0	960.4@	1002.9
West Bengal ..	248.7	465.5	496.3	567.7	723.9	839.0	877.5	942.3	983.3
Ajmer ..	163.7	419.8	447.8	445.3	527.2	552.0	660.0	694.2	702.0
Delhi ..	309.4	699.9	837.2	877.7	1047.3	1028.4	1061,6	1292.6	1340.5
Travancore-Cochin ..	—	—	—	—	—	—	—	632.1	—
Andman and Nicobar Islands ..	—	—	—	—	—	—	732.9	718.1	864.0

* Provisional.

† Figures relate to undivided Assam.

—Not available.

§ Estimated.

|| Excludes, besides Railway workshops, the groups Food, Beverages, Tobacco and Gins and Presses.

@ Due to a change in the arrangements regarding the reporting of information relating to defence estab lishments, it has not been possible to collect the relevant information from these States. The figures are therefore incomplete. The figures for defence establishments have not been included in any state in 1952.

Source:—Indian Labour Gazette.

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd 52, Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon

SECRETARIAT LIBRARY 12 MAR 1954 GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 19. NEW DELHI: MAY 7, 1954. ONE RUPEE

CONTENTS

	Page
LEADING ARTICLES :	
AFTER THE CONFERENCE	737
DEBATE ON THE COMPANIES BILL ..	739
THE MIDDLE CLASSES	740
THE WEEK'S NOTES	741
Traffic to Tibet; Dr. Katju and "Executive" Justice; Indo-Nepal Agreement on Kosi; Cattle and the Constitution; Waning Communism in Tamil Nad.	
WORLDGRAM AND NEWS IN BRIEF ..	745
A WINDOW ON THE WORLD	
Odysseus on "Harmony in Growth" ..	749
BOOK REVIEWS	751
SPECIAL ARTICLES :	
FOREIGN EXCHANGE RESERVES OF THE WORLD	752
SAMPLING IN THE SECOND ROUND ..	753
THE BUSINESS WORLD :	
The Labour Appellate Tribunal's Award.	755
Another Report on Jute	755
BUSINESS NOTES	757
Automobile Manufacture Programme; Problems of Paper Industry; National Harbour Board; Industrial Finance Corporation—Bombay; Protection for Textile Machinery Manufacture; Capital Issues in 1953; National Plan Certificates; Expansion of Banking Facilities; The Panna Diamond Mining Syndicate; Distribution of Sale Proceeds of American Wheat Loan; The Sago Industry.	
COMPANY AFFAIRS	763
COMMODITY NEWS AND NOTES ..	764
CURRENT STATISTICS	765

After the Conference

IT is safe to say that there never has been a Conference which has been so widely and variously interpreted as has been the South-East Asian Prime Ministers' Conference which concluded in Kandy last Sunday. Between the limits of total failure and complete and dramatic success almost every intervening position has been occupied. The Prime Ministers of Ceylon and India have claimed, with justification enough it would seem to those who were at Kandy on May 1, that this was a successful Conference, meaning that apart from the agreed resolutions and communique there has been a new appreciation of the areas of agreement as well as of the sources of difference. The area of agreement has been wide; certainly to those who followed closely the tortuous differences on the approach to the resolutions on Communism and on non-intervention in Indo-China in the first three days, the area of final agreement has been far wider than at that time seemed possible. Differences there are, but against the broad will to reach agreement, which was so powerfully in evidence at the last session in Kandy, the emphasis is clearly to be placed on unity and not on differences. Where there is a will to unity, such as was shown in the dramatic midnight session on May 1, no Conference can be anything but a success. If this will to unity is now a permanent instrument of South-East Asian co-operation, there is room for the highest optimism; whatever the form of the resolutions or the

communique issued on May 2, there is today in South-East Asian co-operation a new invisible dimension, whose promise is great and increasing.

It is difficult to see how sections of the British Press, normally so well-equipped to appreciate just these invisible influences, have failed to catch the only essential element in the Colombo piece. It is possible that its opinions were formed hastily on reports of the first three days' proceedings, when a dogged battle for position was being waged by Pakistan. But the conclusion of the Conference showed clearly that the elements of great compromise over-ruled the elements of possible disagreement, even when they were extended to every intractable subject such as Kashmir or the approach to Communism. That the Prime Minister of Indonesia, dependent as he is partly on a Communist vote, should have signed a resolution denouncing "external Communism", and that Pakistan should have surrendered the Western position on Indo-China, are illustrations of the extent to which the collective mind changed some basic obstacles which seemed wide enough at one stage to expose only the elements of breach in a well-held line. It is true that the breaches have only temporarily been closed; but this is no reason to concentrate attention on the patch-work alone. The whole line has been strengthened far beyond expectations.

Precisely because the differences are not the major element in the piece, they can now be frankly and freely discussed. There is no doubt that India's policy of neutralism in foreign policy won no appreciation, and one of the surprises of this Conference was the persistence with which U Nu, Prime Minister of Burma, urged the resolution on Communism. Three of the five Prime Ministers seemed to attach as much importance to the resolution on Communism as they did to almost everything else, and both India and Indonesia were unable to carry the Conference on the admission of China to the United Nations, or on the more debatable point that a condemnation of Communism was, by implication, siding with a Power bloc. The name of Mr. V. K. Krishna Menon has been prominently associated in Ceylon with a strong leaning towards the Communist bloc, and he certainly gave the impression to more than one delegation that India was carrying neutralism in ideology a little too far. Perhaps the differences would not have been so widely felt if Mr. Krishna Menon had not been a member of the Indian delegation. It is an open secret that his inclusion weakened the Indian delegation at this Conference.

Nevertheless, it is not Mr. Krishna Menon but India's foreign policy which has hindered a common approach with Pakistan and, in some respects, with Ceylon. This does not imply that India's foreign policy is mistaken; for India it may well provide the best course while not being suitable for South-East Asia as a whole. But the Colombo Conference has made clear that India's foreign policy is not shared in its entirety even by Indonesia and Burma. Indonesia is further to the Left; Burma is further to the Right. In strictly neutralist terms, India stands alone. This fact, brought home more than once on the Conference, cannot be lost on the Prime Minister. The pressures created by the need of carrying agreement in South-East Asia certainly involve some small realignment in Indian foreign policy.

In so far as these adjustments underline our unity with the democracies, they are placing emphasis on a fact which has been previously recognised, but is too seldom appreciated in the Free World. The fact that India's Prime Minister accepted a specific condemnation of "external Communism" is significant. This is the first occasion on which at an international Conference, India has taken this line; but there has been more than enough in the internal denunciations of Communism in India to show that this was not an issue of principle, but expediency. India has not found it expedient to denounce external Communism; but South-East Asia as a whole finds it inexpedient not to denounce it. India's willingness to side with South-East Asia shows a fine sense of perspective in choosing our future political and economic partners.

This decision will almost certainly be read as a choice by India of South-East Asian friendship before Chinese friendship. When a conflict arises between these two groups of neighbours, as seems inevitable in view of the anti-Communist outlook of South-East Asia, India will tend to align herself with South-East Asia rather than with China. To those who have been concerned about the deference we show to the People's Republic of China, the emergence of South-East Asia at this Conference must be reassuring.

This is only the smaller part of the story. Much the larger effect of the Asian Prime Ministers' Conference will be seen in economic terms. It seems a pity for this reason that the Burmese memorandum on economic co-operation did not receive wider appreciation than it did; surely it should have been possible for other delegations, notably India's, to fill in the gap which the Burmese statement displayed. In fact an article entitled "Wanted a Real Colombo Plan" in the 'Ceylon Daily News' on the opening day of the Conference contained some significant details on payments which might have well been utilised by the Conference. The argument of this article was that there exist here and now opportunities for co-operation, both in payments and the utilisation of unused capacity, which can significantly reduce the dependence of this area on the West. This is an exercise in economic rethinking which needs urgently to be completed.

So far as India is concerned, the elements in this solution should be readily appreciated. India today has a balance of payments large enough to cover current deficits both of Indonesia and Ceylon; if India becomes an exporter of rice to Ceylon, it may also be possible to develop specially favourable relations with that country. For Ceylon is in need of many engineering articles which India is in a position easily to supply. To a lesser extent this is true of Burma and of Indonesia. A quick survey of the needs of these countries may well be the means of setting out co-operation which might go to work before the end of this year. It is hoped that the Ministry of Commerce and Industry will arrange such a survey in anticipation of the preparation of the larger memorandum that Burma has in mind.

In the long haul, it is clear that this Conference has done India nothing but good. The South-East Asian community has at last been brought into being; the enterprise of Ceylon and particularly her energetic Prime Minister, Sir John Kotelawala, has been rewarded. In India, where greater leadership might easily have been exercised, the advantages of the South-East Asian alliance should now win greater appreciation. Preoccupation with Pakistan and with China has hitherto obscured our vision. It is hoped the scales have now fallen from our eyes. Traditionally, it was in South-East Asia not in China where the Indian genius displayed its gifts of organisation and its cultural talents. Perhaps, history is now recalling us to a traditional path. It is only the accents that have changed. In the new age, we shall not be exercising any undue influence; we shall be equal partners with our friends in South-East Asia. It would be well to remember, however, that the country that is the greatest in this area cannot afford always to let initiative come from smaller members of the group. We must face the pride as well as the responsibility of our position.

Debate on the Companies Bill

THE debate on the Companies Bill in the House of the People, which concluded on Monday, provided the occasion for two notable contributions towards an understanding of the general principles of regulation of the law relating to companies. Both came from the Treasury Benches, in response to the speeches from an opposition which had dissipated its energies in wild criticism on extraneous matters. The failure of the critics to pinpoint the issues might have been largely due to the complexity of the existing Company Law, to which the present Bill will only add considerably when enacted into law. The drawback of such an opposition is that once it exhausts itself on extraneous matters like social justice or allegations of corruption or fraud, it is bound to lapse into inactivity, deterred by the forbidding nature of the terrain now prepared by the draftsmen of the Companies Bill. Neither the Finance Minister who has sponsored the Bill nor the Minister for Commerce and Industry, who intervened because of the intimate interest of his Ministry in this law, had any difficulty in making mincemeat of loose and uninformed criticism. For the rest, they have remained content with the promise to refer specific questions to the Joint Select Committee, which will now face a task of unusual dimensions in dealing with this Bill of 612 clauses.

The common theme of both Mr. C. D. Deshmukh and Mr. T. T. Krishnamachari was the importance of fostering the growth and sound development of companies as voluntary associations functioning as agencies for the promotion of enterprise, mobilisation of savings and for reaping the benefits or risks of such activity. The dominant theme in any such discussion in the Indian context could only be the role of the managing agency system. Its virtues and drawbacks have been discussed threadbare and the debate in the House did not greatly add to our knowledge. All along, the invetegrate opponents, who, without regard to its contribution to economic development, would willingly see the managing agency system ended, have only been deterred by the prospective lack of a competent alternative. However, the Finance Minister was expressing official policy when he stated that the Government was taking the first opportunity it has had of mending the system in the interests of the shareholders and the public. Mr. T. T. Krishnamachari was in a position to state the official position in more categorical terms. "While we acknowledge", he said, "that the managing agency system has its evils—and any system which has as its basis an acquisitive society must have evils and that is why we have to provide checks and safeguards—we cannot here rebuild our industrial structure and society without the managing agency system. It may be that development as it goes on might take some different form". This was no uncritical tribute to the system but it placed the emphasis squarely on the importance of the tools and the extent to which they may be tampered with. While the system evolves towards something better in keeping with the need to introduce efficiency and reduce hereditary financial power, there can be no hesitation in rejecting suggestions which could only result in making it powerless to function.

The Companies Bill has thus been launched with a clear statement on a longstanding issue of controversy. That should greatly help the consideration of the various clauses of the Companies Bill by the Select Committee purely in the spirit of safeguarding the shareholder and the public against preventable fraud and abuse. It is obviously absurd to aim at making any system fool-proof or knave-proof. The shareholder cannot be shielded against every kind of loss. Some losses would be inseparable from the normal risk-bearing associated with an investor and some others traceable to the general apathy which leads to the individual investor's lack of interest or diligence in company management. In the last analysis, the Select Committee cannot overlook the Finance Minister's remarks that the company must be regarded mainly as an association of private persons and that the deficiencies arising out of human nature—as distinguished from individual delinquencies—cannot be cured in the short run, at any rate, through legislation. The Finance Minister must give proofs in the Select Committee of his assurance in the House that it was not Government's desire to interfere unnecessarily in the business transactions of a company. At the moment, all the evidence points the other way.

This entirely reasonable approach to the issues arising out of Company Law, indicated by the two Ministers mainly concerned with policy-making on the subject, is, however, greatly at variance with the clauses of the Bill. The Finance Minister, being technically responsible for the Bill in its present shape and having opportunities to make amends in the Select Committee, was less unhappy than his colleague. The Minister for Commerce and Industry was readily apologetic about the drafting and his suggestion for the constitution of sub-committees by the Select Committee seems sufficient indication of the work that awaits the Committee in shaping the Bill because of the inadequate competence with which it has been drawn up. The clauses have been greatly enlarged in number and in size. The Bill has drawn freely on the provisions of the English Act, even on matters on which there was little necessity. The loose and prolix language defining the regulations and restrictions with which the existing law is to be overlaid, makes it an altogether complicated and untidy piece of legislation.

It hardly seems reasonable to hold that the running of a business by a voluntary association—with responsibilities only for bona fide conduct—requires this elaborate code. There has been an addition of about 250 sections—involving an increase in the size of the present Act by a half—which seems hardly warranted by the changes sought to be introduced at this stage of the evolution of company management in this country, however appropriate they may seem in the context of the requirements in the U.K. where the system has been highly developed. The arguments against the establishment of a statutory authority for the administration of the amended law may be sound, but, immediately, the prospect of bureaucratic handling of the powers of control can hardly impart confidence about Government's ability or understanding in this matter. Reports are current that already the various opportunities for approval or sanction sought by companies are being used to enforce many principles not yet enacted into law, showing the excesses which over-enthusiastic executive agencies can commit without regard to propriety or principle. The absurd age-rule for company directors in the Bill is only one instance of the tendency to import wholly irrelevant considerations. The Select Committee must be able to cut through many such clauses before condensing the rest in presentable legal language. The Company Law Committee had failed to approach its task with a workmanlike precision about objectives and means which the Cohen Committee has shown in a much shorter compass. Nor did it seek to survey the growth of companies with a view to discovering the special needs of this country and the incentives or restrictions needed. The Select Committee will not be in a position to fill the gap in the economic assessment but it can devote greater attention to the strictly legal aspects of the changes necessary.

The Middle Classes

MODERN Chancellors of the Exchequer, anxious to grant some relief to the overburdened middle classes, have been faced by a not unimportant dilemma. On the one hand, there is the theory that income-tax, which is a direct tax, if coupled with liberal personal allowances, will result in increasing disincentives. The general rate of tax will be lowered; the marginal as distinguished from the average rate will at the same time be increased, so that the incentive to put in extra effort to earn the extra income is bound to be weakened. On the other hand, however, there is the growing feeling that the middle classes, depending as they do on fixed salary incomes, have been pressed far too much in recent years, so that any lowering of taxation will without question be treated as a gesture of friendliness and will increase their willingness to work and to add to their income—especially if the intelligent tax-payer pays due regard to the average rate, as he should. There has been increasing evidence recently that it is this latter argument rather than a helpless admission of the necessity for high taxation of personal incomes that appeals to modern Chancellors.

Two recent bluebooks of more than ordinary importance which have recently appeared in the United Kingdom are interesting in this context, because they seem to foreshadow changes in come-tax law, which cannot but have some influence in this country after some time. The two reports are the Tucker Report on the Taxation Treatment of Provisions for Retiring Pensions and the second interim report of the Radcliffe Commission on the Taxation of Profits and Income, which has been more recently published.

The Tucker Committee's terms of reference were narrow. They were concerned mainly with obliterating the distinction between employees governed by existing approved retirement schemes and those who are self-employed. The Committee has been concerned to introduce the following principles in order to regulate the incidence of income-tax.

It is recognised that an employee, whether working for someone else or for himself, should be able to retire between the ages of 65 and 70 in the case of men and 60 and 65 in the case of women. The Committee has recommended that a graduated contribution from out of current income varying from 6 to 12 per cent or 5 to 10 per cent as the case may be—according as whether a retirement scheme with alternatives or one without alternatives is chosen—should be exempt from tax in all these cases. One-fourth of the benefits subject to a maximum of £10,000 should be tax-free, where the benefits are capitalised; this, however, it is interesting to note, is a concession to existing practice in the civil service and does not depend on a recognition of the principle that lump sum payments in these circumstances should be exempt from tax. The balance, being a pension proper, will be subject to tax.

The committee has tried also to be logical. Where an annuity is purchased, it is proposed that the capitalised value of the payments with which it has been purchased should be free from tax, although the interest earned would be liable. The cost of the concessions involved in these recommendations is quite impressive. The justification for incurring that cost is, however, two-fold. First, that the middle classes should be enabled to make adequate provision against old age. Second, that if there is a loss in tax revenue, it will be matched by an increase in saving, which is bound to be of lasting benefit to the health and productivity of the economy.

The Radcliffe report is even more directly relevant and— notwithstanding the minority view that the sacrifice of tax revenue on an appreciable scale cannot be lightly contemplated—it is likely that the report will not easily be forgotten. Its recommendations are intended to achieve two main objectives, namely, to relate income-tax on the needs of the family as a unit, and secondly, to increase the differentiation in favour of earned incomes. The main recommendations towards this end are as follows.

The allowance for dependent children is to vary with the size of the income. The sur-tax limit is to be adjusted, so that there is not one flat limit, but varying provision for the needs of an unmarried man, a earned income relief is to be raised; and relief at half with one or more children. The upper limit of the earned income relief is to be raised; and relief at half the rate is to be given in respect of a further slab of income beyond the ordinary limit. The level at which a married person without children begins to pay taxes is intended to be raised, the conditions on which the child allowance is admissible are to be liberalised and the house-keeper's allowance is to be modified so that it may be related to the case of young children.

The committees, it will be seen, go very far. Indeed, they go so far that some members have been unable to square the need for justice with the equally clear but even more imperative need for revenue. It is unnecessary to hide the fact that eminent economists serving on the Radcliffe Commission have been unhappy, because they have been faced with this conflict. But one means of escape is still possible—it is not unreasonable to think that if more work is done as a result of less taxation, the loss in revenue will not be great and will at least be bearable.

The conclusions as to the future, which can be derived from these two reports, are interesting because of the general issues which they raise. As has been pointed out already, the liberal recommendation of allowances by both the committees is practically equivalent to discarding the theory that a high rate of direct taxation, because it is inevitable, and an absence of allowances, because they tend to inflate the tax on the margins at higher levels of income, are both inevitable in modern society. Economists and lay men alike do not any longer believe that the tax system which exists in most modern societies can be accepted as satisfactory. Instead, they go now by the theory, which stands to common sense that the recent haphazard growth in tax burdens is bound to be inequitable; and there is now evident an urge to do something about it.

It is interesting that this point of view is not after all so very novel—in recent times the exigencies of the prevailing political and economic circumstances have brought Chancellors round to the acceptance of the need for some reform, which will relieve the burden in the case of those who are more needy than others and will increase the premium on work and saving. In 1952, for example, the earned income relief was enhanced in the United Kingdom—even before these committees reported. More recently, South Africa has increased the personal allowances and Pakistan has proposed the liberalisation of the rebate on account of the payment of insurance premia and contributions to provident funds.

These examples cannot be lost on the Taxation Enquiry Commission in this country. The personal income-tax seems destined to remain very high and its importance is bound to grow while that of the corporate income-tax is bound to decline at the same time, at least relatively. The least that should be done in these circumstances is to modernise the income-tax law.

THE WEEK'S NOTES

TRAFFIC TO TIBET

Whatever be the truth behind the claim that India and China have brought a constructive mood to bear on their discussions relating to Tibet, the final outcome will apear to many as only an attempt to make a common virtue of India's necessity. It is clear that while India's claims for trade facilities and access to pilgrims rested on historical grounds, the concessions granted in return have been based more on the need for strict reciprocity than the continuance of established cultural and commercial intercourse. It seems that the discussions at Peking on differences were brought to an abrupt end only to enable an announcement, simultaneously with the publication of the communique of the Colombo Conference, of Sino-Indian agreement. Even otherwise, however, India could claim that she can reach working agreements on current issues with most Asian countries in spite of their inclinations towards either of the world blocs. (There has also been timely news of a treaty with the Philippines which would reinforce this view). The timing of the announcement of Agreement on Tibet was very appropriate.

Since both India and China are now disposed to give the most favourable interpretation of their Agreement over Tibet, it may be useful to analyse the implications. In his message Mr. Chou En Lai has underlined the principles of "mutual respect for each others' territorial integrity and sovereignty, mutual non-aggression, mutual non-interference.....and peaceful co-existence" and proceeds to cite the Agreement as an example of the possibility of a reasonable settlement if negotiation is conducted on the right lines. The Indian Ambassador's reply at the signing ceremony contained a passage in which, after a reference to the growth of close cultural and commercial relations between India and China, there occurs this significant sentence: "We have done more, we have gone through fully questions that existed between our two countries in this region and have proved to the world which has been eagerly watching these negotiations that two great Asian countries, left to themselves, can solve their mutual problems amicably and in friendly spirit."

The real proof of that spirit would only lie in the actual manner of working of the terms of the Agreement. The Government of India will have to withdraw the military escort at Yatung and Gyantse within six months. India has already decided to give away the post, telegraph and telephone facilities with their equipment and to hand over the 12 rest houses. All lands, except those within the Indian trade agency compounds, have to be surrendered by India. These were inevitable sacrifices. But if the longstanding trade channels are left free and pilgrims are not harassed, the Agreement would be vindicated at least in respect of its more limited objective.

DR. KATJU AND "EXECUTIVE" JUSTICE

The reception accorded to the Criminal Procedure Code (Amendment) Bill in the House of the People this week gives indication of parliamentary vigilance in accepting the provisions of the Bill. As in the debate on the Press (Amendment) Bill earlier this session, Pandit Thakurdas Bhargava led the attack from the Congress benches and severely reproached the Home Minister's complacency in offering this Bill as a panacea for all the ills of judicial administration. Criticism rightly converged on the proposal to make defamation of public servants a cognizable offence and even those who were prepared to accept such a provision regarding the President, Governors and Rajpramukhs rightly rejected the disingenuous move to get Ministers also included in the list. No one who has had experience of the methods of the executive and of the police can fail to see that this provision, if accepted, would place an instrument of tyranny which could be employed against all critics. The Home Minister's offer to accept a safeguard that no prosecution would be launched without sanction of Government would be no bar against abuse. There can be no compromise on this extremely vicious proposal which must be resisted at all costs. But unless opinion within the Congress party supports Pandit Bhargava's stand, the Home Minister may be able to get away with this iniquitous measure, as he did with the Press Bill.

Mr. N. C. Chatterjee made a positive contribution to the debate by emphasising two issues which the Home Minister has consistently ignored. The first relates to the need for a comprehensive inquiry into the organisational and procedural aspects of the judicial system. It is ridiculous to contend that the answers to the Home Ministry's questionnaire provide a good substitute for such an inquiry. Secondly, Mr. Chatterjee along with some others laid proper stress on the separation of the judiciary as the major reform now needed. The strengthening of the powers of the magistracy or the police—like extension of magisterial powers, summary trials and speedy hearings—should only follow such separation. Without the major reform of separation—which has been a long-cherished ideal and has now become a Directive Principle of State Policy—it is absurd for Government to pretend that far-reaching changes can be effected in the administration of criminal justice in this country. The absence of this reform has increased the distrust of the Home Minister's proposals, which, as a member described, sought to deal out "executive" justice.

INDO-NEPAL AGREEMENT ON KOSI

There has been a quick and heartening response from Nepal to the Indian request for the facilities and access needed to start work on the Kosi project, even though it has been perfectly clear that the advantages to Nepal are considerable. The barrage, headworks and other structures three miles upstream of Hanuman Nagar will be financed entirely by the Government of India. There are no restrictions of any kind in the access allowed for survey and exploration for the purpose of the entire Kosi project, including soil conservation and afforestation measures. For the land to be acquired by the Government of Nepal for the project, India will pay compensation. The flood levels of the Kosi being often unpredictable, provision has also been made for a much wider access in emergencies than what is contemplated in the construction of the project, compensation being paid by India in every case in which damage is caused to the proprietors or occupiers of lang in Nepal.

Without liability for any expenditure or other types of losses, private or public, the benefits to be derived by Nepal under the agreement are large. Nepal can withdraw any supplies of water required from time to time for irrigation and only subject to this, India will regulate the supplies at the Barrage site, including those for power generation. Nepal also has the option to use up to 50 per cent of the hydro-electric power generated at the Barrage Site Power House on payment of such rates as may be fixed. Nepal can also receive royalty in respect of the power utilised in India, at rates to be decided later. Except within two miles of the Barrage, navigation and fishing rights in the Kosi river belong to Nepal. There is an understanding by which preference will be given to Nepali labour, personnel and contractors, without prejudice to India's right to import labour of any kind to the extent

necessary, and to the provision of amenities for the entire labour—like schools, hospitals etc.—which involve some administrative functions. It has, however, been made clear that none of these will affect the Nepal Government's political authority over the region, giving thereby a development programme for Nepal without its worries.

CATTLE AND THE CONSTITUTION

The Attorney-General, Mr. M. C. Setalvad, was placed last week in the highly embarrassing position of having to expound a very obvious constitutional point. The enactment of the Indian Cattle Preservation Bill, introduced by Seth Govind Das in the House of the People, is not within the field of the legislative powers of the Union, whereas it is specifically mentioned in the list of powers of the States. That has been clear enough and brevity would have compelled a direct statement to that effect. Like the famous author on the Natural History of Iceland who devoted a chapter to "Concerning Snakes" to say that there were no snakes, a bland statement by the Attorney-General might well have proved equally effective. The Attorney-General ruled out this course to devote some attention to the importance of looking at "the pith and substance" of the Bill which he discovered to be the preservation of our agricultural stock, draught and milch cattle—a purpose directly covered by item 15 of the State legislative list. That prevented the matter from being treated as falling within residuary powers of the Union.

There seems to have been such little ambiguity about the matter that all these statements appear too elaborate to be viewed seriously as necessary on every such occasion when such legislation is brought forward by private members. By no stretch of interpretation could the Directive Principles endow Parliament with any legislative authority in the matters covered by these Principles. The implementation of prohibition in the States is sufficient evidence of that point. The undue importance attached to this question was hardly deserved.

WANING COMMUNISM IN TAMIL NAD?

The news that 20 Communists of Tanjore district in Madras have resigned from their party and have applied for enrolment in the Congress party would, if confirmed, have certain instructive lessons. Their appeal for protection against erstwhile colleagues is a commentary on the methods of their organisation. But the fact that they have been able to seek the change is the best tribute they could have paid to the choice available under a free system of government, which they undoubtedly have sought to undermine all along. These so-called Communists comprised a crowd of tenants and workers hastily collected on the eve of the elections and the apparent successes of the Communists in the elections initially made things bright. Their morale has obviously declined since and though the Madurai Communist Congress was held in South India deliberately to revive this declining strength, the results have not been encouraging to the Communists.

So far as Tanjore is concerned, the credit must go entirely to the reforms introduced in 1952, by Mr. Rajagopalachari, to regulate tenancy and workers' rights. In spite of their inadequacies, the reforms marked a great advance on the conditions existing earlier which gave opportunities to the Communists for exploiting discontent. There have been other straws in the wind which indicate the Communist desire not to go too far at this stage. In Madras the split and dissensions within the Congress party expected as a result of Rajaji's retirement have been happily averted and some of the opposition parties have also now merged with the Congress. Compared with the more or less unchanging party alignments in Travancore-Cochin and the dubious political situation in Andhra, the developments in Tamil Nad are heartening.

INDUSTRIAL FINANCE CORPORATION OF INDIA

KEELING ROAD, NEW DELHI.

NOTIFICATION

It is hereby notified that the Share Register of the Corporation will be closed and the registration of transfers suspended from 16th June, 1954, to 30th June, 1954, (both days inclusive).

V. R. SONALKER,
Managing Director.

Dated, 30th April, 1954.

IMPERIAL BANK OF INDIA

EXECUTOR AND TRUSTEE BUSINESS UNDERTAKEN

Copies of Conditions of Business obtainable at any office of the Bank

Local Head Office
CALCUTTA - BOMBAY - MADRAS
and Over 400 Branches and Sub-Offices throughout India, Pakistan, Burma and Ceylon.
London Office
25, Old Broad Street

A DELHI DIARY

ACT OF CONTRITION

PERHAPS because of my upbringing, I find some solace in confession. I may, therefore, confess rightaway that the promised Colombo Diary in the last week was never written and, therefore, never despatched. In other words, all that might have been said last week is still unsaid. Therefore (a) I must make an act of contrition and (b) this Delhi Diary is all about Colombo!

THE APPROACH TO COLOMBO

And, as the Prime Minister so often says, it is a question of approach. The approach to Colombo by air can be made by Indian Airlines via Bombay or by Air Ceylon via Madras. I made the latter choice having been privately advised that the latter was the more interesting way. My informant was not in error. I noticed that soon after taking off at Madras we were rapidly outside Indian territorial waters. In full sight of prohibition land, our air hostess informed us that the bar service was now open. It was not merely open but friendly; prices were much below Indian (non-prohibited) rates and I deduce that that is one bar which makes no money on its drinks. Anyhow, when an hour and a half later we landed at Jaffna, I had a warm and friendly feeling. May I not pay some warm tribute to Air Ceylon?

Arriving at Ceylon, I found an equally warm reception on terra firma. The people of Ceylon make excellent hosts as four visiting Prime Ministers bore witness many times in this same exciting week. There were, inevitably, many receptions. The schedule as the phrase goes was tight. And a cocktail party at Kandy on May 1 was bypassed as it was in view of Conference work just one too many. There was a splendid lunch and many dinners. There was a notable official reception by the Indian High Commissioner, Mr. C. C. Desai, whose remarkable achievements in a brief space of less than a year have marked him out in Ceylon's diplomatic corps as the most agile of all accredited diplomats. I can bear witness to the rapidity of his movements!

TO THE CONFERENCE

And so to the Conference. The stars were not favourable when it started, we were all summoned to the Senate Building at 9-30 A.M. on April 27 to meet the Prime Ministers in a Press conference. Only three Prime Ministers were present. Mr. Mohamed Ali, Pakistan's Prime Minister, had apparently not been informed and Indonesia's Prime Minister seemed under the impression that the meeting with the Press was at 10 A.M. By supreme effort on the part of Ceylon's Prime Minister the whole team was rallied by 9-57 A.M. And then a photographer burst a bulb with a small explosion. The only public pronouncement was one from Sir John Kotelawala. "Gentlemen", he said, "I advise you to use better bulbs!" And so they filed into the Conference room one by one.

What transpired in the first two and a half days of the Conference should be rapidly passed over. It certainly does not figure very much in the official communique issued on May 2. For journalists in Colombo, it was a perplexing business. Some news leaked, obviously through delegations, which (for diplomatic reasons!) shall remain unnamed! The Indian delegation was the embodiment of propriety. And thus the Indian papers are not to be blamed if they were the last (though not the least!) with the news. For myself, I had no scoops of any kind. I pride, myself however, that when the urge to prophesy a deadlock was strong, I firmly held my peace. Not for the first time did I discover that for journalists silence is (sometimes!) an excellent golden rule.

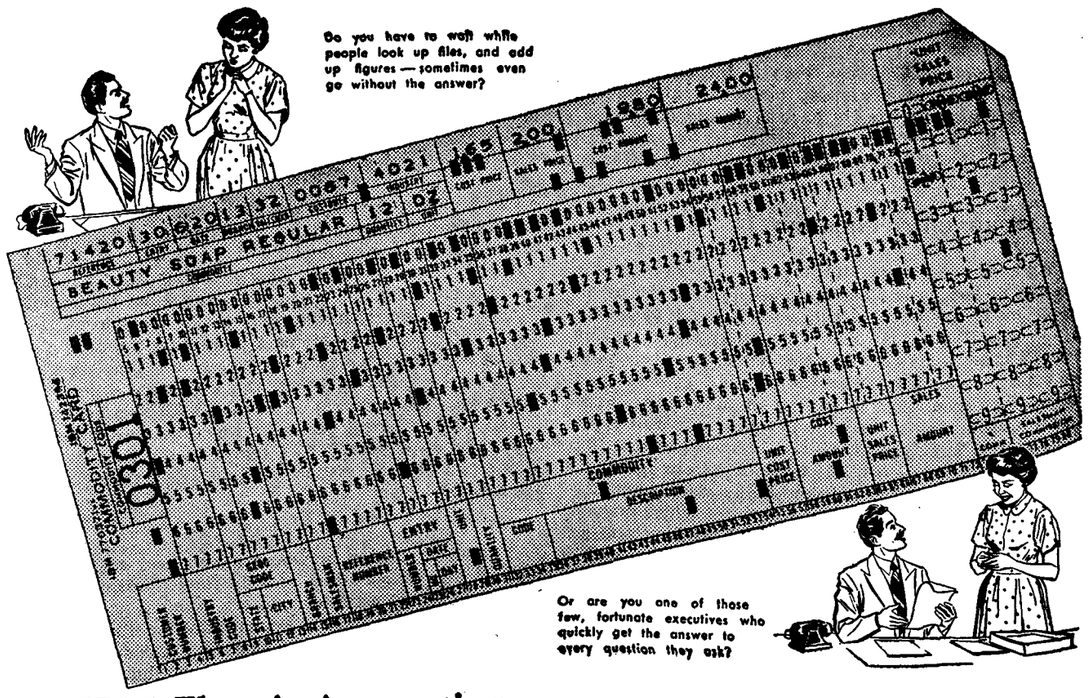
The change in the atmosphere and temperature of the Conference on the fourth day needed to be seen to be believed. It was not only that we were at Kandy instead of Colombo and Kandy (being 2,000 ft. up!) was more bracing for the mind. And I am irreligious enough to assert that the visit to the Temple of the Tooth at Kandy did not mark a turning point in the Conference. As far as I am aware, the thawing had set in earlier. By mid-day, the auspicious time was coming in. By midnight agreement had been reached, though (for technical reasons!) the time was formally announced as 12-40 A.M.! I regret to say that at this fateful hour in the history of South-East Asia, I was fast asleep!

I should (rushing in where angels fear to tread!) give my own explanation of this sudden turn in the fortunes of the Conference. In my opinion, it was the statesmanship of India's Prime Minister that made agreement possible. Recognising that Pakistan was forcing the pace on a quid pro quo basis, India's Prime Minister attempted over three whole days the path of persuasion without the use of any bargaining technique. In the end when it was clear a bargain had to be struck, India's Prime Minister accepted an unpalatable resolution on "Communism, anti-Communism and other agencies" which cut the Gordian knot. Relentless when he took possession of the Conference, the Prime Minister even proposed the cancelling of all engagements and a marathon sitting until agreement was reached. It was this display of determination which made this Conference, in large part, an Indian success.

And yet India did not capture the headlines in this Conference. In a sense the differences between India and other countries in South-East Asia were underlined. India's Prime Minister and Mr. V. K. Krishna Menon, who was particularly unpopular with Pakistan and Ceylon and at one stage even with Burma, must have recognised that South-East Asia does not share India's view of neutralism. Rumour has it that at one stage the Prime Minister who has often leant heavily on Mr. Krishna Menon's advice made it clear that he would not accept it if it prejudiced agreement. It is widely believed that Mr. Krishna Menon hampered the Indian delegation. But for the Prime Minister's resilience, the damage might have been great.

However, all is well that ends well. And the end was so good that we have all forgotten the beginning. I dare to say that the South-East Asian community has come into being. It is, perhaps, still a hydra-headed monster. But its heart is one. It may need another conference or two to make its head a single unity. But then there would be no fun if conferences had nothing to resolve.

ARGUS.



IBM Electric Accounting

can increase your business efficiency

When you ask a question, you want the answer soon and you want it *right*. You'd probably agree that quick, accurate answers could save your business a lot of money.

That is why so many organisations rely on IBM Punched Card machines — because they give you, at a moment's notice, all the facts and figures you need.

Not only for 'big business'

Almost every business, large or small, can benefit from IBM accounting. Though varying considerably in their functions and capacities, IBM machines have a single basic characteristic — the ability to save time for the businessman in meeting the complexities of modern business.

Better still, each IBM installation is fitted exactly to your needs — there is no such thing as a 'standard' IBM setup. Experts study your individual problems, and submit a plan for your approval. The enormous flexibility of IBM machines ensures that the final system is tailor-made to your requirements.

IBM Service

Delivery of any IBM equipment marks the *beginning*, not the end, of our customer relationship. For along with the equipment, IBM provides — on a continuing basis — for its maintenance, for training and instruction of operators and supervisors — all the things, in fact, that help the customer obtain maximum value from his IBM equipment.

Saving time in 79 countries — 30 languages

• Billing • Payroll • Statistics
Stores Accounting • Accounts Receivable
Financial Statements • Cost Accounting, etc.

For the smaller business

IBM Service Bureaus, located in principal cities, bring the advantages of high-speed, versatile IBM Punched Card Accounting within the reach of almost any business. IBM Service Bureaus are staffed by experienced personnel, and equipped with the latest IBM electronic and electric machines. All work is performed on a confidential basis. The cost is modest.

IBM World Trade Corporation

(Incorporated in U.S.A. with limited liability)
Kasturi Buildings, Jamshedji Tata Road, Bombay 1.
Branches: Calcutta – Madras – New Delhi.

IBM

WORLDGRAM

INDUSTRY

Company Boards Approve Merger into American Motors: Directors of the Hudson Motor Car Co., and Nash-Kelvinator Corporation recently approved the merger of the two companies into American Motors Corporation, to form the U.S. auto-industry's fourth largest behind General Motors, Ford and Chrysler. The merger of the $355-million concerns is expected to be completed with the filing of the merger agreement with State authorities in Michigan and Maryland.

* * * * * * *

Drop in Industrial Disputes in India: Provisional statistics of industrial disputes during February, 1954, show that total number of disputes with 82, involving 41,003 workers and accounting for a time-loss of 342,805 man-days. The average duration of disputes was 8.4 days as against 6.3 days in January, 1954. Six of the disputes during the month were lock-outs involving 5,063 workers and accounting for a time-loss of 29,725 man-days. There were eight work-stoppages not connected with industrial disputes affecting 4,248 workers and accounting for a time-loss of 3,556 man-days. Sixty-two disputes terminated during the month. Among the industries, the paper and printing group continued to suffer heavily on account of the two work-stoppages in West Bengal.

* * * * * * *

Asian Cottage Industry Experts to Visit Japan: Some twenty cottage industry directors are expected to visit Japan on an E.C.A.F.E./T.A.A. sponsored four-week study tour under Japanese expert guidance; they will visit industrial establishments, workshops, research institutes, experimental stations, and co-operatives throughout Japan. Their itinerary includes visits to industrial centres for textiles, ceramics, hand-made paper and paper products, bamboo, wood and lacquer-ware, agricultural and aquatic products. The main purpose of the trip is to observe production techniques and marketing methods, and draw up recommendations that should assist their respective countries in formulating more specific plans for developing cottage and small-scale industries.

AGRICULTURE

Grain Storage Facilities: It is understood that Pakistan and the U.S.A. signed an agreement recently providing for building food grain storage facilities in West and East Pakistan. Under the agreement Pakistan is to contribute Rs. 24,00,000 and the U.S.A. $1,485,000. There are to be three modern steel cellars of 10,000-ton capacity each at Karachi, Chittagong and Lyallpur. Recently the Pakistan Government decided to stockpile half a million tons of wheat in West Pakistan and one lakh tons of rice in East Pakistan.

* * * * * * *

Indian Tobacco Trade Delegation: The Government of India has, it is reported, agreed to the proposal of the Andhra Government to depute a trade delegation to explore foreign markets for Indian tobacco. The Andhra Government made the suggestion following a slump in tobacco and consequent hardship to growers in Guntur where over 30 million lbs. of last year's tobacco remained unsold. The State has suggested that the delegation should consist of representatives of the Government and tobacco producers and dealers and that it should visit Russia and East European countries which were likely to be very good purchasers.

* * * * * * *

Loans to Individual Yugoslav Agricultural Producers: According to information from the Yugoslav National Bank, loans will be granted to individual agricultural producers. Under the economic plan for 1954, 2,300 million dinars have been earmarked for the loans. Individual producers may tender solely through the Agricultural Co-operatives, and the amount granted will not exceed 100,000 dinars each. The rate of interest will be decided later. Repayment of these credits must be effected within five years in equal annual instalments. Such credits are to be utilised for erection and improving farms, livestock and agricultural machines and equipment. Such loans, too, will be offered by the National Bank through the Agricultural Co-operatives. The individual loans are limited to a maximum of 100,000 dinars, at 5 per cent interest and the repayment period will be five years.

* * * * * * * *

U.S. Experts Cotton Research Mission in India: The U.S. Experts Cotton Research Mission, jointly sponsored by the National Cotton Council of America and the U.S. Department of Agriculture, visited Bombay at the invitation of the Indian Textile Association. Some members of the mission visited the cotton growing tracts of Surat in Bombay State and made an on-the-spot study of cotton breeding practices in this country, they also visited Surat's cotton research station; others proceeded to Ahmedabad, India's second largest textile centre, and held discussions with textile interests there. The specialists met mill-owners, members of the cotton trade, government officials and research workers. The mission also visited textile mills in Bombay and the Indian Central Cotton Committee's research laboratory at Matunga.

* * * * * * *

Canadian Assistance to Mayurakshi Project: The Canadian Government has agreed to the proposal of the Government of India that additional counterpart funds raised out of Canada's economic assistance to India under the Colombo Plan, be allocated to the Mayurakshi hydro-electric and irrigation project in West Bengal. The Canadian Government had previously agreed that the rupee proceeds from the sale of $10 million worth of Canadian wheat, supplied to India under the Colombo Plan in 1951-52, the proceeds from the sale of $5 million worth of Canadian wheat supplied to India in 1952-53, and the funds arising from the provision of 50 locomotive boilers to the Indian Railways should cover rupee expenditure incurred in connection with the Mayurakshi Project. The total Canadian contribution to the Mayurakshi Project in the form of counterpart funds will thus be about $17 million. In addition, the Canadian Government is providing the project with hydro-electric equipment valued at about $3 million. On completion in 1955-56, the project is expected to irrigate over 600,000 acres in the **kharif** and 120,000 acres during the **rabi** season. About 2,000 k.w. of firm electrical power will also be generated and about 400,000 additional tons of food grains worth about Rs. 6 crores will be produced annually.

FINANCE

Health Service Scheme: Under the Employees State Insurance Scheme the graded scale of contributions, which the Government employees will pay for the Contributory Health Service Scheme, was made known recently in Parliament. Joining the scheme will be compulsory and will carry with it the advantages of all specialised treatment. Nearly 200,000 people will be brought under the scheme. The actual grades are:

Below Rs. 75	.. ..	As.	8
Rs. 76 to Rs. 150	.. ..	„	12
Rs. 151 to Rs. 249	.. ..	Rs.	2 8
Rs. 250 to Rs. 499	.. ..	„	2 8
Rs. 500 to Rs. 749	.. ..	„	4 0
Rs. 750 to Rs. 999	.. ..	„	5 0
Rs. 1,000 to Rs. 1,499	.. ..	„	6 0
Rs. 1,500 to Rs. 1,999	.. ..	„	9 0
Rs. 2,000 and above	.. ..	„	12 0

Capital Outlay in Jute Industry: The jute industry, India's chief foreign exchange earner, has a capital outlay of Rs. 77,77,44,327 of which Rs. 28,56,76,595 is in fixed capital according to a recent census conducted by the Directorate of Industrial Statistics. The industry produced a total of 889,411 tons of jute goods valued at Rs. 212,42,38,487 during 1951, the report said. During the year it consumed raw material worth Rs. 154,81,32,487. The census included 105 manufacturing concerns employing 2,71,662 workers and 15,393 other employees, who receive Rs. 22,30,83,494 and Rs. 3,10,66,403 in wages and salaries respectively.

* * * * * * *

Equipment for National Laboratories: Two operational agreements were signed in New Delhi between the Governments of India and the U.S.A. under which specialised equipment will be made available to India's national laboratories and also to certain technical service departments of the Government of India. The total joint cost of the project will be $2.7 million and Rs. 27.75 lakhs. Out of this amount, a sum of $700,000 and Rs. 8,75,000 will be utilized for providing technical assistance and equipment to the Indian Institute of Technology, Kharagpur, while the rest of the amount, namely $2 million and Rs. 19 lakhs, will be for several national laboratories, including the Survey of India, the Geological Survey of India and the Bureau of Mines. The U.S. dollar contribution for these projects will be utilized for the procurement of equipment, supplies and for other costs while the rupee expenditure will be for defraying the costs of inland handling, transportation, installation of equipment and supplies to be provided under these projects.

* * * * * * *

Irish Budget Shows a Small Surplus: The Irish Budget shows estimates of national expenditure at £105,635,000 and an estimated revenue at £105,665,000 leaving a surplus of £30,000. Some tax concessions are, higher income tax allowances for married and unmarried tax-payers, with special allowances to widows and widowers. About 40,000 lower-income group persons, mainly farm and white collar workers, whose incomes do not exceed £240 a year, have been exempted from income tax. Increases in bread and flour subsidies of nearly £1 million will provide cheaper bread to the worker.

* * * * * * *

Commission Paid to Imperial Bank of India: It was stated recently in Parliament that the commission payable to the Imperial Bank of India on Government transactions which was revised every five years, was based on the actual costs incurred by the Bank and depended on the volume of the turnover on Government account. The rates were revised in 1950-51 and would come up for revision again in 1955-56. The relevant figures for the last five years were as follows:

	Turnover Rs.	Commission Rs.
1948-49 ..	10,20,44,84,752	22,03,475
1949-50 ..	10,92,12,03,629	22,58,469
1950-51 ..	11,18,83,00,650	29,20,047
1951-52 ..	12,63,81,45,652	31,01,799
1952-53 ..	12,27,46,48,644	32,38,621

* * * * * * *

Subscriptions to Indian National Plan Loan: The Government of India have decided that the National Savings Organisation of the Ministry of Finance would participate actively in promoting the National Plan Loan floated recently. The National Savings Commissioner of the Government of India has issued instructions to all his branch offices and district organisers to provide information and guidance to those who wish to subscribe to the Loan. Investors are to be provided with the necessary documents, helped to fill the requisite form and send money to the necessary bonds for supply to the investor. In this way the Organisation will constitute an additional agency to which subscriptions for the National Plan Loan can be made besides the Reserve Bank and the Imperial Bank and their branches, the treasuries and sub-treasures, etc.

* * * * * * *

ECOSOC Committee Approves Private Capital Proposal: The Economic Committee of the Economic and Social Council recently approved recommendations aimed at speeding the flow of private capital to help less-developed countries. The Committee's action must be ratified by the ECOSOC plenary. The resolution recommends that Governments concerned with the problem re-examine their policies, legislation and administrative practices with a view to improving the investment climate and encouraging the flow of private investment. Among the specific steps proposed are: Avoidance of double taxation on investments and discrimination against foreign provision of information for potential investors: and joint participation by foreign and domestic capital in appropriate enterprises. The resolution is recommended to the U.N. General Assembly for adoption.

MISCELLANEOUS

Lowering Voting Age Gives Vote to 6.3 Million Americans: The U.S. Census Bureau states that the proposal to lower the voting age to 18 would add about 6.3 million voters to the lists. On July 1, there were 101 million persons of voting age in a population estimated at nearly 162 million. The voting age is generally 21 years. The rise in the birth rate in recent years is reported to be checking a tendency, in evidence since 1900, towards an older medium age. The report adds that the already crowded schools were faced with the addition of 17.5 million children under 5 years of age. Those in the 5-17 age group numbered a little over 34.5 million. There are 94.5 million between 18-64 years, with 62 million between 18 and 44 years, and 32.25 million between 45-64. The number of people over 65 was about 13.25 million and of these 3 million were employed.

* * * * * * *

Improvement in Employment Situation During March: At the end of March 1954, the live registers of the unemployed showed a fall by more than 13,000 over the previous month's figure. More vacancies were notified and more placements made. Fresh registrations during the period were 1,06,573, representing an increase of 1,344 over the figure for the previous month. The number of persons placed in employment was 13,802 as compared with 12,695 in the previous month. Placements in the private sector showed a small increase. Under the training schemes of the Ministry of Labour, 1,958 persons, including 446 women, were receiving instruction at different centres.

* * * * * * *

Pakistan Government Receives 610,000 Tons U.S. Wheat Aid: The balance of 300,000 tons of additional U.S. gift wheat will not be required by the Government of Pakistan in view of the improved food position in the country. Of the total 700,000 tons of wheat promised to Pakistan about 610,000 have been received thus far. Failure of food crops for two consecutive years, commencing from **kharif** of 1951, resulted in food shortage in the country and the position deteriorated further when the wheat crop turned out to be poor. Despite heavy imports arranged by the Government of Pakistan through its own resources, the situation continued to cause anxiety. The Government of Pakistan, in consultation with Provincial and State Governments, have come to the decision that the import of the balance is not necessary. They have further decided not to avail themselves of the kind offer of the United States of additional 300,000 tons which were to be made available to

NEWS IN BRIEF

INDIAN

The Punjab Government has constituted a Soil Conservation Board, under the chairmanship of Sardar Partap Singh Kairon, the State Development Minister, for the co-ordinated implementation of soil conservation schemes, and for devising ways and means to prevent soil erosion.

* * * * * * *

Delivery of Japanese locomotives to India is expected to begin in October, and will continue for the whole of next year. The Government of India has placed orders with Japanese firms for goods worth Rs. 5.6 crores.

* * * * * * *

Mr. Rafi Ahmed Kidwai, Union Food Minister, disclosed recently that India's rice position was so comfortable now that it could spare up to 500,000 tons for export. He said the country had no more need to import wheat in view of the prospects of the new wheat crop being "very good".

* * * * * * *

For freeing wheat movement it is believed the States of Uttar Pradesh, Bihar and West Bengal might be constituted in one zone, like the one of Punjab and the neighbouring States.

* * * * * * *

The Government of India are to continue the system of giving subsidy to Khadi production and sale during 1954. A sum of Rs. 30 lakhs has been set aside for the purpose. In 1953, 10,657,468 square yards of Khadi valued at Rs. 1,94 00,798 were produced.

* * * * * * *

The Government of India have decided to give assistance to the State of Jammu and Kashmir hitherto not eligible for such aid, under the financial rules governing G.M.F. schemes. State schemes for the current year have been invited by the Central Government.

* * * * * * *

The Bihar Assembly recently adopted the Budget of the Damodar Valley Corporation for over Rs. 18 crores for 1954-55. It also adopted its report for 1951-52 (part one) with an amendment recommending to the State Government to suggest to the Central Government to take proper steps for the shifting of the headquarters of the D.V.C. to Ranchi.

* * * * * * *

The total subscription to the National Plan Loan for the first week from April 19, when it was floated, to April 24, amounted to Rs. 31.5 crores and for the second week ending May 1, to Rs. 14 crores, bringing the total to Rs. 45.5 crores, according to official figures available in New Delhi. The loan will remain open for subscription until further notice.

* * * * * * *

Mr. Milton Cross, technical director of the World Bank, and Mr. Christian Finne, also of the World Bank, arrived in Bombay from New Delhi. During their four-day stay in the city, they met officials of the Reserve Bank of India in connexion with World Bank aid for the Industrial Finance Corporation.

* * * * * * *

To simplify payment in foreign trade transactions between India and the Soviet Union under the recent trade agreement between the two countries, the State Bank of the U.S.S.R. has opened accounts in Indian rupees with the Imperial Bank of India, the Central Bank of India, the Bank of China, the United Commercial Bank and the Lloyds Bank.

* * * * * * *

Instruments of ratification of the treaty of friendship between India and the Philippines, which were signed on July 11, 1952, were exchanged at Manila recently. The treaty, which consists of seven articles, provides for perpetual peace and ever-lasting amity between the two countries.

FOREIGN

The International Federation of Master Cotton Spinners' and Manufacturers' Associations is holding its jubilee congress in Britain from May 13 to 20. Fourteen member countries are sending nearly 250 delegates.

* * * * * * *

The Rumanian Parliament approved 1954 budget aimed at solving the food situation by increasing provision for agriculture. The budget is reported to carry 3,543.8 million lei (about $316 million) for the development of agriculture.

* * * * * * *

The Philippine Government rejected Japan's $400 million reparations offer and demanded a minimum of $1,000, repudiating the recent agreement signed by the Philippine Vice-President and a Japanese Minister. The Philippine Senate has not yet ratified the Japanese Peace Treaty, signed in San Francisco in 1951.

* * * * * * *

It is reported that the U.S. has deferred decision on South Korea's request for $160 million additional military aid. It was expected that a survey mission would leave for the Far East by May 1, to estimate the military needs of Korea and other anti-Communist countries.

* * * * * * *

A Japanese business man, the first to visit Russia since World War II, revealed barter negotiations aimed at a $6.8 million trade turnover between Japan and the Soviet Union this year. Timber and fishing industry representatives are expected in Moscow to establish trading relations.

* * * * * * *

The Jamaican Budget discloses a record expenditure of more than $19 million leaving a nominal surplus. During the past financial year Jamaica's dollar earnings have been almost $35 million—showing a surplus of $9 million over dollar expenditure. The general balance of payments was marginally favourable for the first time.

* * * * * * *

The seventh International Air Transport Association Conference was recently opened in Barcelona, with 160 delegates representing airlines in all parts of the world attending. The Conference will discuss various aspects of civil air transport including technical and traffic problems.

* * * * * * *

A record total of 3,328,027 proof gallons of Scotch whisky, valued at £9,552,680, was exported in the first quarter of 1954, according to the Scotch Whisky Association. This was 125,720 proof gallons more than in the corresponding period last year.

* * * * * * *

Burma and China recently signed a three-year trade agreement. Goods to be exchanged include coal, tinned food, agricultural implements, and silk and cotton textiles from China; and raw cotton, rice, timber, and rubber from Burma.

* * * * * * *

A contract for over 350 miles of seamless pipe for the Sui gas transmission line in Pakistan has been placed with a British firm. The order involves a tonnage of over 40,000 and the value exceeds £2,000,000. This is one of the largest individual orders for steel pipe ever placed in Britain. It is expected that shipments of the 16 in.-diameter pipe—which is required for the construction of a pipeline from the natural-gas field at Sui, Baluchistan, to Karachi—will start in about a month's time.

The Sui gas-field was discovered recently in the course of exploration for petroleum in Pakistan and has considerable reserves of natural gas which are to be used as fuel for industrial purposes. The pipeline is expected to come into operation in 1956.

HUKUMCHAND JUTE MILLS, LIMITED.

(ESTD. 1919)

HAZINAGAR, NAIHATI (E. RY.), WEST BENGAL

★

Manufacturers of

HIGH CLASS HESSIAN, SACKING, CANVAS, TENTS, TWINE, WEBBING, WOOLLEN BLANKETS, ETC., ETC.

★

Managing Agents :

RAMDUTT RAMKISSENDASS

Head Office:

9, Brabourne Road, CALCUTTA-1

Telephones : BANK 3195 (3 Lines) *Telegrams :* 'JUTIFICIO' Cal.

A Window On The World

HARMONY IN GROWTH

By

ODYSSEUS

ONE OF THE IDEAS that I wish to re-examine in this series of weekly round table conferences on Capitalism and Socialism is that no economy can stand still. No government, no planners, no individual business, can ever take the line that the existing volume of its production is satisfactory and needs no change. To be realistic, nobody ever consciously adopts such a view, but anyone with business experience can point to firms whose managers are unconsciously acting thus; through lack of drive, or of intelligence, or imagination, or through sheer inertia, they are content to pursue the same old routine without looking for new ways of increasing output or efficiency. They are on the way out. They, in today's jargon, have had it. They cannot survive. As of businesses, so of nations and governments. But while no one would dispute this point, too few people really grasp its implications. How wide the implications are I hope gradually to establish in the course of these discussions.

By their studies, economists have made profound contributions to man's understanding of his environment and so to his command over it. But economists have the defects of their qualities. Because they are logically minded and like clear exposition, they are apt to think in terms of economic equilibrium, which is neater and easier to describe than the actual economic landscape that resembles an overgrown jungle in which every species of economic fact, theory, and argument, is inextricably mixed up. For example, oligopolies, monopolies, and pure competition, exist side by side and interact on each other, whereas the economist likes to consider them separately and in equilibrium, rather than in the complicated process of expansion. But if they are not expanding, they cannot be in equilibrium; they can only be decaying. It is one of the great merits of Professor Wright's book "Capitalism" (McGraw Hill, 1951) that it keeps this fact in the forefront, for, as he points out, the emphasis on equilibrium has encouraged Welfare economists to put more stress on how the national income can be divided than on how it can be increased.

Anyone who thinks it possible for growth to take place in a static or "well-equilibrated" society might consider what sort of a standard of living, and what national income, India would enjoy today if we were compelled to struggle with our problems in transport, mining, engineering, communications, and irrigation, with the techniques not of 1954 but of 1854. A century ago India had no network of railways covering the subcontinent, had no telegraphs, telephones, internal combustion engines, or aeroplanes, to name but five of the more obvious innovations that have raised our standard of living. But change and progress are not automatic. Archimedes (287-212 B.C.), the Greek scientist, designed balanced cranes and compound pulleys and a suction screw for raising water, but the society in which he lived was ideologically unpropitious to economic enterprise. His inventions led to no Greek industrial revolution. He achieved nothing.

A RUSH JOB IN THE BRITISH NAVY

Growth requires savings and enterprise. People without business experience, such as politicians and most Socialists, often discuss economic growth as though it were automatic, as though every time a scientist makes a new discovery, a queue of industrialists, or civil servants and planners, rush to put his idea into practice. But I defy you to name any great invention, such as the steam engine or the power loom, whose inventors have not had to fight for years for their ideas.

Innovations break up existing patterns and what the average man loathes more than all else is to be faced with a new and disconcerting situation which may upset his established routines. Everyone knows, for example, that the long-playing gramophone records now at least available could have been put on the market twenty years ago. "Ah!" says the Socialist, wisely shaking his head, "the gramophone companies resisted a change beneficial to the consumer because it meant heavy losses on capital equipment rendered useless. But the state, uninfluenced by the profit motive, would have had no hesitation in scrapping obsolete equipment." Have you heard the story of the substitution of the breech loading for the muzzle loading gun by the British Navy? It is a story of typical state enterprise; free from all the dross of self-interest and the profit motive, concerned with nothing but the public good. British gunners demonstrated the superiority of the breech loader in the China war of 1860. Matters progressed rapidly after that. In 1872, a trial duel was staged between a muzzle and breech loading gun at Portland and the Navy's crack gunner, firing a muzzle loader, missed his target at 200 yards, while the breech loader demolished his at the first shot. The Admiralty, uninfluenced by the profit motive and thinking only of Britain's naval efficiency, rushed breech loaders into production in 1882—a mere 22 years of breathless minuting, referring back to committees, opening new files, and securing quick Ministerial decisions. Smart work that makes the profit-motive boys look a trifle silly, what?

The truth is, of course, that inertia, dislike of change, and vested interests, are peculiar neither to Capitalism nor to Socialism, and what we need to ascertain is under which system they can best be minimised. In other words, which system gives the better scope to men of energy, vision, imagination, and initiative? Part of Archimedes' difficulty was that the ideology of the third century B.C. in Greece was unfavourable to entrepreneurs. We cannot afford to smile at the poor backward Greeks with a superior tolerance, for at the present time the trend of ideology in most parts of the world is against entrepreneurs. The reason why we are not more conscious of this is that entrepreneurs have had such a free hand over the period, say, 1800-1939, that we are still living on the surplus of their spilled riches and have not noticed that the pile has long ceased to grow at the amazing pace for a former generation.

BEHIND THE SCENES WITH PLANNERS

Professor Wright sums up the basic requirement for change and growth as "harmony-in-growth" which "involves the successful combination of routine versus adventure, order versus change, security versus insecurity, sovereignty versus freedom," etc. The state, as we argued here on April 30, can never wither away; to ensure harmony-in-growth, there must be a political and economic order upheld by constitutional sanctions, but if the order is so tightly controlled as to render change slow, difficult, or impossible, growth is ruled out and survival is threatened. If this is agreed, it becomes more reasonable to suppose that the more

Socialistic a state is, the more controlled, directed, and planned it is, the slower, the more difficult does change become. "Mere prejudice," objects the Socialist. "State action must be more efficient than Adam Smith's old-fashioned higgling of the market." At this point I have recourse to Professor Lionel Robbins' elegantly written 85-paged "Economic Problem in Peace and War" (Macmillan, 1950), in the course of which he says: "....experience in time of war of the mechanisms whereby the kinds and quantities to be produced are actually chosen in such a system gives more vivid sense of the differences involved than any amount of imaginative speculation. Our theories of state action usually imply not merely infinite wisdom on the part of administrators, but also infinite time in which to use it. It is not until you have sat in the smoke-filled committee rooms, working against time to get snap decisions from Ministers who, through no fault of their own, are otherwise preoccupied, that you realise sufficiently the limitations of these assumptions...."

Besides savings, entrepreneurs, and an ideology sympathetic to entrepreneurs, growth requires a certain stability in the economic system. Perfect security and stability would amount to the equilibrium which we have dismissed as making for decay or ruin. I hope to develop the point in future articles that perfect security and stability are in fact unattainable in this world. The point must be made because it is one of the Socialists' most powerful appeals not only to the toiling masses but to the intellectually tidy who like to feel that everything can be put into its place and kept there. What a business man's and state planner's paradise a tidy world, in which everyone behaved according to rule and all surprises were eliminated, would be. The motto that we have borrowed from Professor Wright—harmony-in-growth—suggests, however, that too great insecurity and instability must equally be avoided if the community is not to be overtaken by upheavals leading to revolutionary disasters that set back the clock of real and solid progress. Our task is to try to decide whether over-saving, over-investment, trade cycles, and depressions, are inherent to Capitalism or whether they are phenomena of such different orders as crop failures, or the fallibility of the forecasting made by the business man or by the central planning board, that can never be entirely eliminated, but which Capitalist and Socialist states alike must learn to minimise. The problem then is to decide which type of state is likely to be better equipped for this minimising. In the solution of the problems of savings and mass unemployment, the late Walter Eucken, the German economist, with his eye-witness experience of the struggles of the pre-war German Socialist and Nazi regimes to cope with millions of unemployed, has much to tell us. In economics, there is no such thing as nationalism; we draw on the wit and wisdom of all nations.

A New Book
For the Library and the Connoisseur of Art

SKETCHES OF GANDHI

By

FELIKS TOPOLSKI

A unique collection of 24 sketches and two four-coloured paintings of Mahatma Gandhi by the famous Polish artist. Embellished with rare quotations from Gandhiji.

Price Sixteen Rupees **Postage extra**

BOOK REVIEWS

COMMUNITY DEVELOPMENT

Approaches to Community Development: A symposium introductory to problems and methods of village welfare in underdeveloped areas: Edited by Phillips Roupp, with a foreword by S. Radhakrishnan: W. van Hoeve Ltd., The Hague, 1953: 20 sh: (352 pp.).

Each of these twenty essays and programme reviews, provided by authorities from eight countries, contributes to the expressed purpose of introducing the reader to "the social reality of the village communities" and to "the problems of social change," but, even for the lay man, the chapters seem too hasty, too summary —interesting and stimulating but inadequate. Perhaps, however, the frequent listing of the problems confronting those engaged in community development efforts will serve to render more understanding those who are prone to be over-critical and impatient. A smaller number of more intensive case studies, either preceded or followed by a general discussion of the principles and problems involved, would have been more satisfying for the lay reader and more helpful to community project personnel.

The volume's weaknesses do not obscure its considerable substance and a number of the repeated themes merit careful attention. Well known are such characteristics of underdeveloped societies as meagre resources, waste, population pressure and undernourishment, illiteracy, poor sanitation and disease, fragmentation of land holdings, landlordism and insecurity of tenure, poor cultivation, costly credit, burdensome taxation, and poor marketing facilities. Perhaps less well-appreciated is the intensity of desire in most non-Western societies for retention of the naturally or supra-naturally sanctioned community patterns with as little change as possible. Surely it is even more difficult for non-members to understand the relative importance of individual relationships in the total community fabric of these societies. It is these latter two points which receive most stress in different words and in various contexts throughout the book.

It is urged that the importance of the living community be recognised and that the focus of external assistance be on helping people to help themselves so that development will be stimulated from within, from the grass roots, and grow in harmony with the demands of the natural environment and the local people. Both promiscuous introduction of alien elements and narrow conservation of the old should be avoided and too rapid change or force should be eschewed, in order that the sense of community be not destroyed in the very process of material development. Dr. Radhakrishnan is quoted: "The task of the civilised is to respect and foster the live impulses of backward communities and not to destroy them". (p. xi). This approach requires flexibility, it is observed, but does not lessen the need for both balanced and comprehensive development plans in order to make economic and social sense. Utopian model demonstrations are regarded as wasteful; slower, broader-based efforts are counselled. Worker personnel should go to the villagers, gain their respect and co-operation and help them do what they think is important. Outside workers should be careful not to do too much. Existent local machinery and personnel should be charged with new enthusiasm and used as much as possible.

Among the greatest difficulties in community development activities, it is noted, is the scarcity of personnel with the requisite technical qualifiactions, adaptability, humility, tact, judgment, restraint, patience and even a flair for publicity. Also important is the ability to combine critical objectivity and sympathetic identification with the people. These listed desirable qualities for multipurpose workers may raise some doubts in the reader's mind about the wisdom of India's wide recruitment of village-level workers from the ranks of the regular services without consent or even consultation of these men. Even the best local men, it is said, tend to be alienated from their people by further training.

Especially noteworthy are the practical accounts of community development work, all of which cannot be catalogued here. "Communal Hostility to Imposed Social Change in South Africa" is a study of repeated failures of church and government to consider the wishes of the Ekunene people and their reaction against efforts at social and economic betterment. "Education and Social Change in Ceylon" parallels Indian experience in the disruptive influence of a Western education system and medium, and, the author warns, community development must seek not return to a romanticised past but progress towards integration of the changes. The chapter on "India," authored by U. L. Goswami of the Community Projects Administration and S. C. Roy of the Central Ministry of Food and Agriculture, includes a good summary of the conception and organisation of the community projects programme in its early stages. Mention must also be made of the brief discussion of the Norwegian bilateral technical assistance programme in South India, too little known even here, and of the Nayarit Project in the Santiago Valley of Mexico.

The chapter on "The Role of Rural Industries," while not a case study, draws clearly and directly on work in China, India and Japan to present rural industries very sanely not as a cure-all but as a supplementary means of raising the standard of living of agricultural workers. Another similarly useful article is "Some Aims and Methods of Fundamental Education," with much valuable advice for all rural workers.

The editor freely admits that the volume is not comprehensive, but there are some omissions which are particularly distressing. Governmental programmes and international technical assistance is almost ignored. One gets the impression that most of the writers are primarily concerned with enabling foreign, benevolent, non-governmental agencies and their personnel effectively to supervise community development projects. Noteworthy as their successes may be, surely more significant for underdeveloped areas and their people is the international advisory and technical aid furnished to local governments to assist them in effecting their own community development programmes. Even in discussing the work of non-governmental organisations, such a long-time and effective agency as the Rockefeller Foundation is not even mentioned, and the Ford Foundation fares little better. Another presentation for which the reader will yearn is a discussion of community development as it is practised by China and the Soviet Union. The "Bibliographical Note" is little more than recognition of the need for a bibliography, and the index is quite limited.

SPECIAL ARTICLES:

FOREIGN EXCHANGE RESERVES OF THE WORLD

RECENT changes in the foreign exchange reserves of the various countries in the world are of very great interest. They have not been unsuspected. But the trend has been steady for quite a long time now. The 'rest of the world'—in which are included countries other than the United States, the United Kingdom, and Canada—has gained in monetary reserves. The statistics for 1953, recently published in International Financial Statistics, are very encouraging from this point of view.

TABLE SHOWING GROSS FOREIGN EXCHANGE ASSETS OF THE WORLD

(In millions of U.S. dollars)

	1951	1952	1953
Dollars	4.1	5.2	6.0
Sterling	7.9	6.5	7.0
Credit to E.P.U.	0.7	1.1	1.3
Balance with the B.I.S. ..	0.2	0.4	0.4
Less errors and omissions ..	—0.2	—0.3	—0.7
Gold	33.4	33.5	33.9
Total gold and foreign exchange reserves of the world ..	46.1	46.3	47.9
Of which the share of the sterling area outside the United Kingdom	5.1	4.5	4.9

The outstanding facts which emerge from this table are that there has been an increase in gold and foreign exchange reserves held outside the United States. The total holdings of central banks, stabilisation funds, and other government institutions reached an all-time peak at the end of 1953; and quite the major part of these reserves was claimed by the countries which needed very hardly such an accretion in their reserves.

These statistics, as has been pointed out, do not reveal much that is new. Nevertheless they are of some importance, because it is possible to derive an entirely wrong conclusion from the recent trend. It so happens that the improvement in the official net position of the world outside the United States, the United Kingdom, and Canada, roughly equalled in 1953 gold production less consumption in these countries, plus grants and loans by the United States. The table below will make this clear.

SUMMARISED STATEMENT OF THE INTERNATIONAL PATTERN OF TRANSACTION: 1953

(In millions of U.S. dollars)

	United States	United Kingdom	Canada	Rest of World
Goods and services	290	390	—584	—96
Private capital and donations	—530	—520	430	350
Errors and omissions	270			
	30	—130	—154	254
Non-monetary gold exports	..	..	144	306
	30	—130	— 10	560
Government capital and grants	—2,160	180	— 10	1,990
Increase in short-term liabilities				
To: Independent countries				
Official holders	850	440		
Others	30		— 20	—410
Colonies	..	100		
Decrease in net private short-term assets	90	..		
Increase in gold and foreign exchange (i.e., reserves)	—1,160	590	— 40	2,140

The correspondence between capital grants and loans for which the United States has been responsible and the increase in reserves in the 'rest of the world' is far too close to pass without comment. Prima facie, the conclusion can even be drawn that foreign assistance is no longer necessary. It is precisely because such a conclusion can be drawn, while it would be dangerous, however, to draw it, that the recent trends in the world's monetary reserves have to be very carefully interpreted.

One thing which is obviously to be borne in mind in this context but is equally obviously overlooked, is that in some respects the recent developments have not been altogether satisfactory. The redistribution of the world's gold can be justified on rational grounds. But contrary to the general impression, it has been anything but widespread, in so far that is that it has taken place in recent times. The bulk of the accretion in monetary reserves has in fact taken place in the shape of additions to the holdings of foreign currencies; and in respect of some of these holdings, the E.P.U. credits particularly, it will be quite difficult, perhaps, to convert the foreign exchange reserves, which the creditors now hold, into goods and services as and when required. For this reason not all the improvement which the figures reveal is healthy, and too much cannot be read into the present figures.

It is even more pertinent that as far as the undeveloped countries are concerned, the improvement in the holdings of gold and foreign exchange reserves is due,

(i) in part to the accident of good harvests all over the world and

(ii) to the accidental or deliberate substitution of an increase in foreign exchange reserves for the import of goods and services.

In so far as the increase is explained by reason (i), it is obvious that the recent trend is fortuitous. In any case, it is too marginal to justify any basic change in policy. In so far as (ii) is true, the improvement which is apparent in the payments situation need not necessarily be regarded as satisfactory.

In point of fact, both these reasons make it very highly dangerous to attribute any major significance to recent statistics. At the best, it is only possible to say that the situation is interesting and will need to be watched. On a realistic appreciation, however, it is possible to take an entirely different view.

Foreign exchange reserves are useful only in so far as they reduce the chance of fluctuations in the volume of international trading and/or promote confidence in the ability of the poorer countries to sustain a high volume of trade. It is clear that judged on this test, the change which has recently taken place in the world payments situation must,

(i) proceed much farther than has been the case so far, so that confidence on the part of the poorer countries may be more firmly established, and

(ii) must be more firmly established over a much longer period, during which the rate of development expenditure in these poorer countries is satisfactory in relation to their needs.

This test is a rigorous, if logical, one. There is obviously no ceiling for development expenditure which can be thought of just yet, which is reasonable in relation to the needs of the underdeveloped areas. All that the underdeveloped countries can do, and even more, will be welcome. One way of looking at the improvement in monetary reserves will, therefore, be to regard the economic policies of these countries at the present time as being inadequate in the light of their proved resources. This, on any fair view, will be much more satisfactory than the facile conclusion that a great deal of improvement has taken place already.

It is impossible to draw from the experience of 1953 the inference that the present is the time when compensatory official financing—which has played such a major part in the economic development of the poorer countries in recent years—should come to an end. Indeed, such an inference is going to be permissible for a long time to come. The memories of balance of payments crises on the one hand and the sense of what remains to be done on the other are far too powerful—at any rate in the backward countries—for recent balance of payments statistics to be interpreted as anything but a stimulus to more and faster economic progress in the poorer parts of the world.

SAMPLING IN THE SECOND ROUND

BETWEEN the first Report of the National Sample Survey published in December, 1952, and the publication this week of the "Tables with Notes" of the second round of the N.S.S., much has happened to reduce the importance of these surveys either for the formulation of current economic policy or for building up a reliable body of statistical knowledge. The first General Report made certain claims about the results of the N.S.S. and got involved in controversial issues which greatly affected its value. The subsequent debate between the Poona schedules and Calcutta schedules revealed acute disagreements over methods which to some extent impaired the faith in the soundness of the survey itself. Lastly, the final report of the National Income Committee cast grave doubts on the validity of estimates of consumer expenditure in this country and had also emphasised the importance of associating trained economists with the work now done by a purely statistical organisation. The National Sample Survey has, however, to proceed with its rounds to achieve perfection in its methods by repetition of trials and errors. The results of four more rounds will reveal the extent to which perfection of techniques can be attained through these experiments. The "Tables with Notes" now published, containing the results of the second round are of value only as indicating progress towards refinements of techniques.

The sample in the second round consisted of 10,870 households in 1,142 villages (as against 16,264 households in 1091 sample villages in the first round) but the reduction in the number of households should not make any substantial difference to the value of the sample for purposes of comparison. The reference period now is three months instead of one year in the first round and it is claimed that the investigation in the second round was deliberately directed to final flows. The imputed values of home-made goods and services have been taken into account. The task of comparison has been complicated by the different set of figures now presented as the estimate of the level of consumption expenditure. It is urged in favour of these second round estimates that changes in prices have led to an increase in the money levels of the consumption expenditure but that the percentage of expenditure on the various items is comparable with the first round and would indicate the absence of substantial change in the general pattern. This seems a very superficial explanation. The consumer expenditure of Rs. 220 per person in 1949-50, (estimated in the first round) was the result of an over-estimate of food consumption. Compared with the first estimate of National Income, it seemed to provide a margin for government expenditure and net investment, the addition of which should make up to arrive at the

TABLE I

CONSUMER EXPENDITURE PER HOUSEHOLD AND PER PERSON BY ITEMS OF CONSUMPTION IN RURAL AREAS (ALL INDIA)

	JULY 1949—JUNE 1950 Consumer Expenditure		Percentage	APRIL—JUNE 1951 Consumer Expenditure in three months (90 days)		Percentage
Items	Rs. per household	Rs. per person	of total	Rs. per household	Rs. per person	of total
Food grains ..	422.61	85.03	38.70	154.28	29.04	39.42
Pulses ..	40.89	7.86	3.79	13.37	2.57	3.49
Edible oils ..	43.31	8.32	3.58	15.43	2.96	4.02
Vegetables ..	26.72	5.13	2.34	8.74	1.67	2.27
Milk and Milk products ..	88.82	17.06	7.77	24.04	4.50	6.11
Meat, egg and fish ..	24.57	4.72	2.15	7.33	1.41	1.91
Fruits ..	12.15	2.33	1.06	7.07	1.29	1.75
Refreshments ..	14.10	2.71	1.23	4.24	0.77	1.05
Salt ..	4.82	0.93	0.42	1.67	0.26	0.35
Spices ..	31.00	5.95	2.71	9.90	1.93	2.62
Sugar ..	29.28	5.62	2.56	11.31	2.19	2.97
Food sub-total ..	758.27	145.66	66.31	257.38	48.59	65.96
Tobacco ..	20.46	3.93	1.79	7.58	1.41	1.92
Fuel and light ..	37.14	7.14	3.25	24.04	4.50	6.11
Clothing ..	94.56	18.17	8.28	21.46	4.04	5.49
Medicine ..	14.54	2.80	1.27	6.00	1.14	1.55
Conveyance ..	*	*	*	4.92	0.93	1.26
Services ..	36.06	6.92	3.15	22.20	4.17	5.66
Ornaments ..	*	*	*	4.25	0.80	1.09
Ceremonials ..	82.46	15.84	7.21	18.92	3.56	4.83
Miscellaneous ..	100.21	19.26	8.74	24.06	4.52	6.13
Non-food sub-total	385.43	74.06	33.69	133.43	25.07	34.04
TOTAL ..	1,143.70	219.72	100.0	390.81	73.66	100.0

* Included in miscellaneous.

level of the per capita National Income at factor cost. The present calculation of Rs. 391 per household from April to June would give a per capita annual consumption expenditure of about Rs. 295 which is far in excess of the estimate of per capita net output at current prices of Rs. 265.2 in 1950-51 made in the final Report of the National Income Committee. The allowance for price increases does not, even under the peculiar system adopted by the N.I.C., exceed 7½ per cent, whereas there is a 34 per cent increase in the N.S.S. calculation which cannot be explained by price increases.

There is thus reason to believe that the second round of the N.S.S. erred even more than the first in the choice of a representative sample. There are probably some matters in which this may not wholly vitiate the value of certain results. The percentage distribution of rural households according to the scale of their monthly expenditure seems to be not too far off the mark. The estimate of rural investment of Rs. 166 crores, (including social capital and some replacement) may also be somewhere near the realms of probability. It has also been estimated that about 38 per cent of rural consumer expenditure was met out of home production or was received in kind, only the other 62 per cent having been purchased and hence subject to monetary factors.

TABLE II

DISTRIBUTION OF RURAL HOUSEHOLDS ACCORDING TO EXPENDITURE

(No. of Households: 10,870)

Monthly Expenditure	Cumulative Percentage of Households
Below Rs. 50	20.4
„ „ 150	72.7
„ „ 200	83.1
„ „ 300	92.6
„ „ 400	96.2
„ „ 500	97.7

It is hardly possible to corroborate these estimates from other sources. But the position is different with regard to the estimate of the distribution of households by the size of land under occupation:

TABLE III

DISTRIBUTION OF RURAL HOUSEHOLDS BY SIZE OF HOLDING BY CUMULATIVE SHARE OF CROPPED AREA

Land (in acres)	Percentage Occupying below	Percentage Share of cropped area
0	5.9	..
2.5	55.1	7.6
5.0	69.4	18.7
7.5	78.9	30.1
10.0	83.7	37.3
15.0	89.8	50.4
25.0	94.7	66.6

It is to be borne in mind that these "holdings" have no relation to ownership since lands held under ownership as well as lease have been taken together. The true picture may not be known until the Census of Landholdings is completed but it seems possible to rule out the estimate that 90 per cent of the rural households cultivate one-half of the total cropped area (287.8 million acres) as highly distorted. The Census figures for the landless households would show a much higher percentage—about 9 as against 5.9 in Table III above. The inequality implied in the existence of holdings of over 25 acres covering one-third of the total cropped area and being in the hands of only 5.3 per cent of the households, is improbable, even when we remember that not ownership but cultivation is the criterion adopted in the survey. The proportion of landless agricultural labour may have to be larger than now, and improved agricultural techniques more widely diffused to facilitate medium and large-scale agriculture over one-third of the cropped area. This may show the difficulty in using samples of consumption expenditure to serve other purposes like estimating the fragmentation of agricultural holdings.

The N.S.S. has now greatly diverged from the original plan. The results of the subsequent four rounds have been promised shortly. The collection of data on consumer expenditure is everywhere a difficult task and it is much more so in India. Even when all the results of the six rounds are available, the right approach to consumption expenditure may not be secured. There will be general agreement with the National Income Committee's feeling that the N.S.S. would offer no immediate short-cut to the hard work of compiling basic statistics.

ROHTAS INDUSTRIES LTD.,

NOTICE

The 21st Ordinary General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at Dalmianagar on Wednesday the 2nd June, 1954, at 3 p.m. to receive and adopt the Directors' Report and Audited Accounts for the year ended 31st October, 1953, to declare dividends at Rs. 9/- per Preference, Rs. 4/4 per "B" Preference and Rs. 1/4 per Ordinary Share (12½ per cent on Ordinary Shares), to elect Directors and to appoint Auditors.

Share Transfer books of the Company will remain closed from 25th May to 2nd June, 1954, both days inclusive.

By Order of the Board

SAHU JAIN LTD.

Managing Agents.

Dalmianagar

3rd May, 1954.

THE EASTERN ECONOMIST

(Subscription Rates)

	Payable in advance India	Foreign
	Rs.	Rs.
Annual	50	66
Half-yearly	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9|- per year.

Foreign air rates on application. Offices in New York, London, and Tokyo

Manager,

THE EASTERN ECONOMIST LTD.,
52, Queensway,
NEW DELHI.

THE BUSINESS WORLD

THE LABOUR APPELLATE TRIBUNAL'S AWARD

The Labour Appellate Tribunal's award in the bank dispute, which was published last week, will have a mixed reception. The first major matter which it has dealt with relates to pay and dearness allowance. Here, the two tables below compare the effect of the present recommendations with those of previous award.

MAXIMUM AND MINIMUM PAY

Banks	Area I	Area II	Area III
Class A ..	85(85)	77(73)	73(66)
	280(280)	255(245)	245(227)
Class B ..	77(73)	69(66)	66(57)
	255(245)	236(227)	227(200)
Class C ..	69(66)	63(57)	60(54)
	236(227)	218(200)	209(191)
Class D ..	57(57)	54(54)	51(51)
	200(200)	191(191)	182(182)

Note: D class banks will have to pay at C class rates after 31-3-59.

DEARNESS ALLOWANCE

	Sastri Award	Jeejeebhoy Award
First slab of Rs. 100 ..	33-1/3	40 to 50
Second slab of Rs. 100 ..	33-1/3	30 to 40
Amounts in excess of Rs. 200 ..	33-1/3	25 to 35

Note: D class banks will have to pay at C class rates after 31-3-59, but will pay at lower rates till then.

The principle on which scales of pay have been revised seems to be simple. It is that lower incomes must be levelled up.

The second major point which the Tribunal has dealt with, or rather failed to deal with, is that relating to bonus. The Tribunal has found that bonus is a matter which is to be adjudicated upon. The finding by itself might not be so very material—although it opens up the entire question, and is bound to leave a vital matter undecided for a very long time. But there are certain obiter dicta in the Tribunal's award —regarding the disclosure of secret reserves, for example—which are bound to make bank managements anxious.

The third major point which the Tribunal has disposed of relates to the question of exemption from the present scales of pay in rural centres. The Central Government has been criticised for raising this matter. Whether this criticism is right or not, the matter has now been decided finally. There will be only two exceptions and both of them will be temporary. The exemption in favour of the United Bank of India, which puts it in class B instead of class A, will come to an end by the 31st December, 1955. The exemption in favour of class C banks will come to an end on the 31st March, 1959. After five years, therefore, if nothing else happens, the scales of pay will be levelled up even further.

Opinion on these major points dealt with by the Tribunal is, as may be expected, somewhat divided. As far as managements are concerned, the prospect of a 10 per cent increase in costs—and this is necessarily a rough estimate—will not be welcomed. As far as Labour Unions are concerned, the findings regarding

(a) the power to suspend rates and

(b) the refusal to alter trade union law,

are equally certain to be deemed unsatisfactory.

There is a third angle from which this dispute can be judged, however, and it is unfortunate that partly because of the compulsion of circumstances—when the matter is dealt with as an industrial dispute to which the public cannot be joined as a party—and partly because of the narrow short-term view which has been taken, the public interest cannot get a hearing.

It is a moot question whether the costs of banking should be so inflated that banking services cannot be extended. It is also worth considering, from the point of view of the employees themselves, whether an assured scale of pay, which is a charge on an industry which is less and less able to afford it, or a certain measure of freedom for managements is ultimately more beneficial. The banking system needs to be expanded rapidly. Nothing should be done to stop this expansion and it will be good if at least in the further ventilation of the grievances, this can be borne in mind.

ANOTHER REPORT ON JUTE

The short and workmanlike report of the Jute Enquiry Commission was published this week. The more important recommendations of the Commission are extracted below:

"With partition, Pakistan has emerged as a competitor and India has become an importer of raw jute. Hence, price policy is determined solely by world markets for jute products. The impressive rise in the size of the Indian crop is due both to addition of new areas not previously under jute cultivation and to extension of jute cultivation in the old areas. We consider, however, that the object of the grow more jute campaign should be a more restricted one, namely, attainment of relative rather than absolute self-sufficiency. In the long-term interests of jute growing in India and of the jute industry, the import of jute from Pakistan should be restricted to grades which are not yet available in the required quantity in India. The endeavour should be in favour of intensive cultivation and improvement in quality rather than to offer inducements for jute cultivation on a widely dispersed basis. We support the view of the Expert Committee that in U.P. as well as other states, a cautious policy of re-examining the areas under jute cultivation should be pursued, and cultivation restricted only to places where good retting water is freely available and other serious handicaps like transport difficulties are not great.

Statutory controls are not advisable. Voluntary regulation is preferred. To assist and stabilise the industry, the appointment of a Jute Commissioner, the establishment of a Jute Board, and setting up of a Development Council for the jute industry are recommended. Indication of fair prices for raw jute in relation to jute goods prices should be an important function of the board. Notification of such parity of prices is of particular significance to the grower before the sowing season. The prescription of such a price would improve the morale of the grower and support him in his unequal struggle with the middlemen in the trade.

Capacity of the mill industry has doubled between 1880 and 1900 and again between the latter year and 1930. Seventy-five per cent of the mills are under the control of a dozen managing agency houses; of whom 4 control 45 per cent of the loomage. Increasingly, the mills have directly entered into the export business in recent years.

Forward purchases of raw jute by mills are generally reported to cover specific orders received for finished goods. The normal size and quantity of purchase of jute is dictated by extent of forward sales of gunnies. After partition, Indian mills have adapted their production to use increasingly types and varieties of jute grown in India. So long as the Indian crop does not exceed the requirements of Indian mills at current level of production and imports of raw jute are regulated, the present price level can be sustained.

At present, there is no uniform system of cost accounting maintained by mills. The standard cost system although adopted for purposes of cost control by a large section is not regarded generally by the industry as offering a suitable basis for pricing. As far as processing costs are concerned, analyses by experts show a common trend. In a standard estimate based on the price of raw jute at Rs. 26 to Rs. 27 per maund, the cost of 100 yards of hession 40" x 10 oz works out to Rs. 43.6 of which Rs. 24.32 represents the cost of jute and Rs. 19.28 the processing costs, overheads and profits. A similar estimate for 100 bags B. Twill shows a total cost of Rs. 114.45 comprising Rs. 57.07 as cost of jute and Rs. 57.38 as element of processing, overheads and profits. No recommendations regarding fixed prices for jute goods in general are made.

Observers with intimate knowledge of overseas markets have stated that a pattern of stabilisation of jute goods prices will be more welcome to foreign buyers than even a drastic reduction in prices. If government tax policy has affected the market for Indian jute goods, it was not on account of the fact that duties at the level they were in force were excessive and had engendered opposition in buying countries, but it was for the reason that the purchasing policy of overseas buyers was influenced by their constant expectation of the inevitable reduction in the rates of duty in a falling market.

I.J.M.A. consider that till rationalisation of old mills is achieved to the extent of covering at least 50 per cent of the units scrapping of the working time agreement would spell cut-throat competition and disaster to mill production. The installed jute manufacturing capacity is greater than the world demand for jute goods, with the result that market potential for Indian goods is to that extent restricted. The effect of the agreement is that the fall in output has been spread out uniformly over all sections of the industry, irrespective of relative efficiency, resources and costs. If efficient mills work to full production, lower costs would increase their competitive power. The process of change in working hours can be effected in stages or by sections. As a first step working hours may be raised to 48 or those incurring considerable expenditure for modernisation could be excepted from the working hour restrictions. Labour displaced from units which close down should largely be absorbed in mills working longer hours. At the present stage, the jute mill industry in India has a capacity not only in excess of its present market but also in excess of any possible expansion of such markets. The erection of new units is not therefore favoured.

The Jute Board should examine appropriateness of the present contract forms in use for markets overseas and make suitable changes in the forms used in India.

The Pucca Delivery Order has been so far regarded as a document of title to goods on the basis of which discounting facilities have been given freely by banks. The drawback in the present system of P.D.O.s is the absence of a provision regarding the period within which delivery should be effected by the mills. The practice of issuing P.D.O.s partly in anticipation of production and the feeling that this could legally be done so long as no ultimate default in delivery occurs, was a contributory factor favouring the gross over-issue of P.D.O.s in the speculation racket of 1952. Standard form of contract of the I.J.M.A. as well as the P.D.O.s form should refer to the period of delivery in the case of the P.D.O. and bear an endorsement or declaration that the goods are ready and will be available for inspection or delivery within a specific period. A system of verifying goods against uncashed P.D.O.s is desirable.

The operations in the futures markets in November 1952, were essentially an attempt to corner the market, which resulted in violent price fluctuations and thereafter led to a disastrous decline in the price of jute and jute goods. The defects brought to light were inadequacy of the regulations and omission on the part of the personnel concerned of the Calcutta Jute and Hessian Exchange to take action to prevent over-trading; laxity in the system of issuing P.D.O.s without full cover, which enabled mills as well as dealers to speculate; and the serious dangers to the financial system of the country if banks undertake financing transactions in speculative markets. Authorities concerned should take steps to initiate necessary measures to prevent such recurrence.

We have carefully considered all views on the subject and the reports of Mr. J. A. Todd, and recommend the establishment of a futures market for jute and jute goods. A single well-knit and regulated organisation like the East Indian Cotton Association, Bombay, should be set up. It is for those who desire to promote or revive an association to run such a market, to frame a suitable constitution and submit the same for approval of the Forward Markets Commission. Price agreements among manufacturers would be impracticable in a buyer's market. Direct exports by manufacturers would upset established channels. The trade is uniformly opposed to regulation and control. There is therefore no alternative to the establishment of a proper futures market.

The need for the mills themselves to finance rehabilitation and development from their own resources necessitates keeping down dividends. Rationalisation might cause in the short run a contraction in employment and this problem has to be settled as best as possible if permanent damage in the long run to the growers, trade and industry, involving widespread distress, is to be avoided. The future of the industry demands adequate supplies of raw jute at reasonable prices and a reduction in production costs. We consider that the long-term interests of the industry require forbearance on the part of both labour and capital—an agreement on the part of the former not to press for wage increase and on the part of the latter voluntarily to limit dividends.

Modernisation as carried out does not increase the productive capacity of the industry which ultimately depends on the looms. Its object is rather to enable the mills to supply their looms with yarn more economically by operating a much smaller quantity of modern high speed machinery and run it on double shift. Out of 75 mills, partial modernisation has been carried out in the case of 15 mills and another 13 are in the process of modernisation. Expenditure so far incurred is about Rs. 8 crores and the total cost of modernisation is reckoned at Rs. 50 crores. The present size of the market that India holds might be retained only by accelerating the pace of modernisation. We recommend that problems connected with modernisation of plant and industry in the jute mill industry should receive the highest consideration of Government."

The report, it will be seen, says very little that is altogether new. But administrative action will, perhaps, be taken now, in order to implement the suggestions regarding the establishment of new organisations to regulate trade and marketing. This may well prove to be of far-reaching importance. The report, therefore, is not one which can be neglected, and it may not prove to be just the routine survey with which the industry has been familiar from time to time in the recent past.

BUSINESS NOTES

AUTOMOBILE MANUFACTURE PROGRAMME

After the Government's decision on the Tariff Commission's recommendations on the automobile manufacturing industry, what was awaited with interest was a positive programme of manufacture as it would emerge after the scrutiny of the production plans submitted by the units in the industry. General Motors of India and Ford Motors of India, which did not subscribe to the requirement of switching over from pure assembly to manufacture, have retreated from the scene in stages. The Automobile Products of India are following suit since they now find it impracticable to execute their original programme of manufacture.

This leaves in the field Hindustan Motors, Premier Automobiles, and Automobile Products for whom manufacturing programmes have been approved for the three years commencing in 1954. Except in the case of Hindustan 14, 65 per cent of whose components are currently manufactured here and many of the remaining ones will also be produced at the factory, the position at the end of 1954 will be that only 50 per cent components in value will be imported. The addition of baby cars to the production schedule of these three units is intended to meet the demand for lower-priced cars. To the three units must be added Ashok Motors who at the end of the fifth year will import only 53 per cent of components by value for their heavy duty trucks. Tata-Mercedes-Benz who are the latest entrants will manufacture all the components of their diesel trucks in four years.

One thing that appears fairly clear from the details of the approved manufacturing programme is vitally connected with the financial prospect of the industry. It is the permissible production of a comparatively large number of makes and types. The prices may not be in line with the purchasing capacity of a prospective widening class of car users. But rationalisation of the motor taxation structure and liberation of licensing restrictions on motor transport will stimulate increasing demand. The only assembly programme allowed by Government is in the case of jeep cars. In the absence of a manufacturing plan for jeeps, this consent was inevitable to maintain an adequate supply of this strategic vehicle.

PROBLEMS OF PAPER INDUSTRY

The indigenous paper industry now finds the stabilisation of normal conditions and steady progress returning. Its record of greater attention to and improvement in quality has begun to pay dividends and its results are seen in the confidence it has won in the market. The declining purchasing power had, however, diverted some part of the demand to imported newsprint which was quite unsuited for the purpose, but the upward trend in the international price of newsprint is taking away the incentive to its use as an improvised substitute. Last year, however, longer periods of delivery which Indian paper mills had to offer gave a little set-back to domestic patronage.

This feature brings to the surface a vital problem and impediment which the paper industry has to face. Prolonged strikes and pugnacious attitude of labour on every issue have cost the industry very dearly. Mr. P. H. Sykes, President of the Indian Paper Makers Association, rightly utters a word of warning in respect of the problem of industrial relations. The soft and unrealistic attitude of Government on labour legislation, coupled with exploitation of the liberal provisions of legislation by irresponsible trade union leadership, has brought considerable loss of production in paper mills. The prolonged strike in Titaghur Paper Mills, Bengal Paper Mills and Tribeni, in the course of the last two years, are illustrations of the labour mood of irresponsible indulgence in extreme action without warrant. Higher wages are nowhere reflected in improved productivity and management seems to have forfeited the right to ask for a full day's work in return for fair wages. Labour costs and labour relations must be determined on realistic considerations before the cost structure of the industry is impaired permanently.

An even and assured flow of the supply of the two basic raw materials—bamboos and grass—provided by forests has proved a source of constant worry for the industry. The industry's case has been stated repeatedly in clear terms for the past several years and yet the position remains precisely where it was. State Governments have not found reason to be responsive to the claim of the industry to abandon their policy of auctioning out forests for short periods for the sole purpose of netting in larger revenue without regard to the permanent injury which bidders with narrow interests inflict on forest resources. The weight of reasoning is in favour of the Central Government using its persuasive authority over the State Governments to accept a co-ordinated and long-range policy of leasing forests to paper mills for long periods at moderate rents, if only to preserve and enrich forest resources while providing the mills with a steady and reasonably priced supply of raw materials.

NATIONAL HARBOUR BOARD

Last Thursday's meeting of the National Harbour Board should serve to focus attention on an urgent issue which admits of no procrastination in the interest of the proper handling of the foreign trade of the country passing through the ports of Calcutta and Bombay. It concerns dock labour. There may be justification for sympathetic treatment of a few demands put forward on behalf of labour for removal of outmoded practices regarding the right of the procuring agency of Sirdars over wages of casual labour in Calcutta. But by and large, wage rates, concessions and labour laws have gone to a length where dock labour is imposing a burden on the ports. Far from there being any evidence of increased output, there has been a positive and progressive deterioration. This has been quickened by the rapid reform of decasualisation of certain sections of labour in Calcutta and Bombay docks. The port authorities' representatives were constrained to utter a grave warning about the emergence of a serious situation there. They emphatically pointed out that a review of decasualisation in operation in a thoroughly objective manner was absolutely essential to avoid crisis conditions and there was no question of immediate extension of the system. In the face of this note of caution, labour leaders lightheartedly insisted upon complete decasualisation. It is obvious that the race for retention of leadership drives them to extreme positions. Mr. Lal Bahadur Shastri, in an otherwise wishful and platitudinous speech on the subject, had to recognize the significance of this issue and to bring home to trade union leaders the blunt truth about their inability to induce labour to stop the deterioration in productivity. But still it remains to be seen how far the Transport Ministry will curb its enthusiasm for a "fairer deal" for workers.

Most other subjects discussed by the Board concerned long-term problems. The provision of finance in the second Five-Year Plan for technical surveys, studies and model tests to decide the suitability of specified ports—Malpe or Mangalore, Tuticorin and Pradip on the Mahanadi in Orissa—for development as major ports (or the last one as a leading intermediate port) will be necessary. These projects are inherently time-consuming. As several ports are undergoing development and the process will be prolonged, engineers and higher advisory personnel will be in greater

demand. A shortage is almost certainly likely to be felt. The appointment of a committee to study proper ways to utilise available local talent for this task was an important step taken by the Board.

INDUSTRIAL FINANCE CORPORATION—BOMBAY

The Directors of the Bombay State's Industrial Finance Corporation, when they meet in the course of the next few days to consider the first lot of applications for loans, will lay down the lending policies of the Corporation. No issues of any noteworthy importance are going to crop up at this first meeting and since the structure of loan policy has been laid down by statute there is hardly any scope for a radical departure. Nevertheless, some curiosity has been aroused by the precise terms of interest on the loans to be advanced.

The prevailing practice of a majority of industrial credit institutions is to allow a rebate on interest as a reward for punctual repayment of due instalments of loans. The I.B.R.D., the Central Industrial Finance Corporation and all the State Industrial Finance Corporations which have started functioning already have adopted this policy. The grant of rebate on interest as an incentive to regular payment and the fixation of interest at the original level which is slightly high need not be construed as a slur or reflection on the capacity of the debtor companies for good behaviour. The Bombay Finance Corporation proposes to fix the normal rate of interest at 6 per cent which would be the effective rate after payment of rebate in the case of most other corporations in the country and it is reported to be contemplating charging a penal rate of something like 2 per cent or thereabout for defaults. If this intention is carried out, precisely what it would amount to is that while loanee-firms with a record of punctual repayment will stand in the same position as regards interest charged in Bombay as in other States, the defaulting firms will be subjected to a much higher rate of interest in Bombay than elsewhere. Such a high rate will ignore the hardships caused to companies which would be driven to irregularity for causes beyond their real control and in practice treat all lapses as wilful defaults inviting penal charges. From this view-point the actual policy to be followed by Bombay's Finance Corporation will be of interest.

PROTECTION FOR TEXTILE MACHINERY MANUFACTURE

In the current enquiry into the cotton textile machinery manufacturing industry's case for continuance of protection and grant of other assistance, the industry's claims are as follows:

(1) Continuance of protection for another five years after the end of December 1954.

(2) An adequate increase in the rate of the protective duty.

(3) Stricter restrictions on imports until the indigenous industry gains competitive strength.

(4) Sufficient supply of raw materials including requisite types of pig-iron and steel.

(5) Removal of restrictions on installation of new ring frames and automatic looms.

(6) Provision of transport facilities and concessional freight rates.

The position at the present time is that protection has been extended to six sections of the industry, namely, ring frames, spindles, spinning rings, looms, fluted rollers and tin rollers. Since the beginning of the last calendar year a ban has been put on imports of spinning frames, spindles, looms, fluted rollers and tin rollers—of course, on balance of payments considerations.

The persistent problem today is that while four more units have been added to the ten units existing five years ago, the increased production capacity has been accompanied by a decline in output. This imperils the industry's cost structure. There is agreement that the home products have shown progressive improvement in quality, which is not the same thing as to suggest that there is no further room for betterment. But in a capital machinery manufacturing industry like this the task of overcoming consumer prejudice is really onerous. While, therefore, forming of standard specifications in the remaining products is important, equally important is the necessity of regulating the import policy on a long-term basis so long as other priorities and allocations have superior claims on the available foreign currency.

CAPITAL ISSUES IN 1953

An analysis of the capital issues during 1953 in relation to the issues in the past few years establishes the healthy trend in favour of formation of large-sized companies with a broad capital base. This is surely a welcome development since it reveals a clear tendency towards economic operation of new enterprises. From this angle, the number of consents which stood in 1953 at 232—the lowest in the last six years—is not a material factor in the comparison. The amount of capital issues sanctioned last year was of the order of Rs. 81.4 crores and it was considerably higher than the amounts sanctioned in 1951 and 1952, namely, Rs. 59.6 crores and Rs. 39.8 crores. The peak figure of Rs. 125.7 crores in 1948 stands unbeaten, but a breakdown of this amount into categories of enterprises would show that consents for industrial issues in 1948 were not higher than those in 1953, and they were somewhat in excess of Rs. 71 crores in both the years. Last year applications for which sanction was granted for capital issue in excess of Rs. 1 crore included industries like tobacco manufacture, electricity supply, iron and steel manufacture, cement, petroleum refinery, engineering industries, cotton or jute spinning and weaving, rayon manufacture, telecommunications, manufacture of high explosives, and so forth. The coverage was quite wide.

Out of 272 applications submitted last year for capital issues, 124 applications for starting industrial concerns were sanctioned and 7 applications were rejected. The latter involved a small amount of Rs. 46.7 lakhs and related mostly to bonus shares. The aggregate amount covered by industrial sanctions was Rs. 71.4 crores. In the non-industrial category, 108 applications involving capital of Rs. 10 crores were accorded sanction, while 33 applications in respect of Rs. 7.6 crores were rejected which shows a high ratio of those that were not accorded sanction. It is significant that last year the amount sanctioned for capital issues to non-residents was high at Rs. 17.5 crores which compares with Rs. 7.7 crores in 1952, and Rs. 15 crores in 1952. In last year's issues for non-residents, the U.K. had the major share of Rs. 16.3 crores.

In addition to these cases under the Capital Issue (Continuance of Control) Act, 121 applications coming within the ambit of the Foreign Exchange Regulation Act were considered. The total amount of foreign capital they included was Rs. 20.5 crores. Out of these, only 20 applications for Rs. 3 crores were not granted, while the rest for capital issues of Rs. 17.5 crores were accorded consent. They related to investment of foreign capital in companies in India. This increasing confidence of the overseas investor is indicative of the favourable view which the condition of the economy has inspired..

NATIONAL PLAN CERTIFICATES

The issue of the National Plan Certificates announced last week to take effect from May 10 onwards is a welcome technique to procure subscriptions to the

National Plan Loan from the semi-urban and rural areas. These certificates are quite distinct from the National Savings Certificates issued in different series and they form an integral part of the National Plan Loan. The scheme of the National Plan certificates is simple and calculated to place facilities for subscription to the National Plan Loan within easy reach of all. Their issue in two denominations of Rs. 25 and Rs. 50, subject to a ceiling of Rs. 1,000 for individual subscriptions, and their availability at all post-offices maintaining savings bank transactions should succeed in obtaining contributions to the Loan from all quarters. The realisation of this objective and the force of appeal to the patriotic sentiment of the masses will depend on the energy and drive which the State Governments will bring to bear on this campaign. Considering the stake which they themselves possess in the Loan, optimism in this respect would not be improper. The attractive features of the National Plan Certificates are that they can be encashed after one year from the date of subscription, but if they are held till maturity they will be free from income-tax and carry simple interest at the rate of 4½ per cent per annum. The yield at periodical intervals has been fixed on a scale that would offer inducement for abstinence from cashing them after one year. On maturity, a certificate of Rs. 25 will fetch Rs. 36-4 and of Rs. 50, Rs. 72-8.

EXPANSION OF BANKING FACILITIES

Proposals for creating a climate favourable for the expansion of banking facilities have now become a hardy annual; nevertheless the inherent importance of the subject is such that Chairmen of banks can hardly ignore it in their annual speeches. The case for banking expansion is easily argued. The 2,710 banking offices or branches which exist in this country now are too inadequate to serve the needs of trade, agriculture and industry. Many of the areas of potential financial savings are left untapped for the simple reason that no banks exist there to encourage the banking habit. In the result much of the trade and industrial requirements suffer from lack of banking services. The utility of banks in this country to the Government is no less important than their utility to the public. Apart from their investment of about 40 per cent of deposit amounts in government securities, banks have readily come forward to make substantial subscriptions to government loans. Meanwhile, establishment costs of branch offices are rising and the average cost per office per year has been put at half a lakh of rupees in 1952. The Labour Appellate Tribunal's decision on the Bank Award has removed all hope of reducing staff expenses. In this situation, Sir Padampat Singhania's suggestion for financial assistance to banks from the government to cover losses on new branches in the initial period deserves consideration as a practical solution.

THE PANNA DIAMOND MINING SYNDICATE

The composition of the Board of Directors of this Syndicate, drawn from business leaders from different areas in the country, gives assurance of sound management of the new venture. This enterprise gets off to a good start with certain definite advantages. Much of the initial capital-consuming work relating to survey and prospecting has already been done in a period of three years by the old concern which is being taken over by the Syndicate. The potential resources of the mines have been well assessed and mining operations are now under way. Their expansion cannot be delayed long. The authorised and issued capital of this Syndicate is of the order of Rs. 1 crore divided into two lakh ordinary shares of Rs. 25 each, 25 thousand cumulative preference shares, 6 per cent tax-free redeemable in 15 years of the value of Rs. 100 each and 25 thousand cumulative preference shares, 6 per cent tax-free irredeemable of Rs. 100 each. Of these, ordinary shares of the value of Rs. 20,36,000 have been taken up and allotted to the existing shareholders of the Panna Diamond Mining Syndicate Ltd. (Private), in lieu of their old shares at par. All the remaining shares are open to public subscription. The announcement of the Syndicate which sets out all the relevant particulars appears elsewhere in this issue.

DISTRIBUTION OF SALE PROCEEDS OF AMERICAN WHEAT LOAN

During 1953-54, an amount of Rs. 20.6 crores had been sanctioned as loans to the State Governments from the Special Development Fund created out of the sale proceeds of American Wheat Loan. This information was given in a statement placed on the Table of the House of the People recently by Mr. B. R. Bhagat, Parliamentary Secretary to the Finance Minister, in reply to a question. Within the ceilings for Central assistance to the States each year on schemes approved by the Planning Commission, medium-term loans were met from the fund created out of the sale-proceeds of American wheat loan. The following table shows the distribution of the loan amounts according to individual States:

Name of State	Amount paid	Name of State	Amount paid
		U.P.	100.00
Assam	85.87	West Bengal	149.45)
Bihar	100.00		200.00)
Bombay	311.00	Madhya Bharat	39.40
Madhya Pradesh	40.00	Mysore	135.36)
Madras	175.00		17.39)
(Composite State)	92.00	Rajasthan	97.08
(Residuary State)	95.00	Saurashtra	123.23
Orissa	75.00	Travancore-Cochin	225.00
Punjab		**Grand Total**	**2,060.78**

THE SAGO INDUSTRY

The Government of India has accepted all the recommendations of Tariff Commission in the matter of continuance of protection to the sago industry. Some are set out below. The last two recommendations call for action by the industry which it is urged to take:

(1) A protective duty at the rate of 36 per cent ad valorem plus 5 per cent of the total duty should be levied on imports of sago globules and tapioca pearls from British Colonies, the standard rate of duty on imports from countries other than British Colonies being fixed in accordance with the provisions of the Indo-British Trade Agreement. Protection to the industry should be continued for a further period of two years, i.e., till the end of 1956.

(2) So long as import restrictions continue to be maintained on balance of payments considerations, imports should be so regulated as to take into account the capacity of the industry to meet the entire requirements of the country and the scope for its further expansion in future.

(3) The Government of Madras should depute an officer of the Agricultural Department to study the methods of cultivation of sago and tapioca and the manufacture of globules in Malaya. Representatives of the producers may accompany him.

(4) The Madras Government should establish an experimental farm near Salem for the purpose of introducing improved methods of cultivation of tapioca as well as manufacture of sago.

(5) The quality of the indigenous product is improving. However, manufacturers should carry out these improvements in consultation with the Central Food Technological Research Institute, Mysore.

(6) The Salem Sago Manufacturers' Association should collect information from its members regarding production, sales, stocks, selling prices, etc. and submit these data to the Commission periodically.

COMPANY MEETING

THE HINDUSTAN COMMERCIAL BANK LTD.

Speech delivered by Sir Padampat Singhania, Kt., Chairman, Hindustan Commercial Bank Limited, on the occasion of the Tenth Annual General Meeting of the Shareholders of the Bank on the 29th April, 1954.

Gentlemen,

I have great pleasure in presenting you the Bank's Balance Sheet as at 31st December, 1953, together with the Profit and Loss Account and Directors Report, and I extend to you my hearty welcome on the occasion of the Tenth Annual General Meeting. The Balance Sheet was sent to all the Shareholders some days back and I have no doubt those present here have had the opportunity of a study thereof.

BUSINESS IN 1953

The net banking profits for the year including the balance of Rs. 10,608-13 brought forward from the last year and after meeting all working expenses and providing depreciation amounted to Rs. 2,70,682-13-1. A sum of Rs. 2,55,522-14-1 has been utilised for writing off Bad Debts and furniture and stationery in respect of Pakistan branches, and the balance of Rs. 15,159-15 has been carried forward to the next year's account. Our policy of consolidation of our resources and of wriggling out of all odds resulting out of the change-over of the economic conditions created by the Post-War effects followed by the Korean War and the partition of the country, continues. I must, however, say that we are making a solid and satisfactory improvement and the time is not far off, when we shall be able to place ourselves in the list of the first-rate banking institutions of the country. The overall working position of the Bank during the year has been stationary and a careful study of the monetary and banking conditions in India will indicate that further development was not possible under the circumstances. I should hope that the year 1954, will usher in the betterment of banking in the country, as of late, greater attention is now being directed by all concerned towards this direction and we are bound to have our share of the same.

ADVANCES

The advances of the Bank amounting to Rs. 2.54 crores at the close of the year excluding those outside India represent 58.42 per cent of our disposits. The amount invested in the Demand Bills amounting to Rs. 28.28 lakhs in India represent temporary short-term investment, and they go a long way to control the overall cash position of the Bank's branches.

MONETARY CONDITIONS

The money supply mainly determines the monetary conditions in the country. This is controlled by the currency issue, the budgetary position and the foreign trade balances for or against. In the year under review, both the currency issued and under circulation increased, necessitated by expenditure on projects under the National Plan which reduced the Government's balances with the Reserve Bank of India. The overall position was, however, very much helpful by favourable foreign trade balances. The seasonal variations in the money supply were normal and according to the usual timings. The demand for the seasonal advances of the banks was not as acute as in the beginning of the year 1952. The credit facilities by banks were well regulated and assumed a normal shape throughout the year. In the matter of Scheduled Banks deposits the downward tendency was at least checked. As otherwise in country's money markets the stringency continued and in the matter of private bazar borrowings the rates of interest continued to be very high. The increase in the currency under circulation from Rs. 1,092 crores to Rs. 1,126 crores did not benefit the bank's deposits. In the ordinary normal course the bank's deposits should have proportionately increased with the increase in the currency circulation, but strange enough, this has not been the case due to the shift in the income in favour of a different class of people, from whom the money does not flow to the banks on account of their not being banking minded or due to the money having gone mainly to the rural areas where no means are provided for tapping of these resources.

BANKING TRENDS

I have said elsewhere that the continued fall in the Scheduled Banks deposits has been arrested in the year 1953. I also find that during the same year five banks were refused sanction of licences and have had to stop operations. In the matter of the foreign banks two more were added to the List of the Scheduled Banks and at present there are 91 Scheduled Banks. The total number of offices of all the banks including the Exchange banks and the Imperial Bank of India is 2710. Looking to the vastness of this sub-continent and the population of 36 million people, this number presents a very poor picture of banking in our country. Moreover, a very large number of them are concentrated only in the big towns and cities. Vast tracts requiring banking services from the trade and commercial point of view and also from the point of view of attracting deposits go unserved. This accounts for the under-developed banking and monetary position of our country. Even, on the Government's side, the various means and methods adopted in the matter of Post Office Savings Bank deposits, National Savings Certificates, Ten Years Savings certificates etc., have not attracted much money excepting that they have retarded the commercial banks' deposits and acted as a competitor to these private enterprises.

INDUSTRIAL FINANCING

We have already the Industrial Financing Corporations at the Centre and in some of the States. Such Corporations are either already established or are on the way of being established shortly. The Shroff Committee appointed by the Reserve Bank of India is also to examine and advise the extent to which the present commercial banks could finance industrial concerns for short and medium periods. They have also to examine the ways and means by which these banks' resources could further be developed for the supply of such funds. A step is also being taken up by the Government for the establishment of a Development Corporation for providing finances for large-scale industries. Similarly, there is also a move by the Indian Industrialists with the help of the Government of India and the World Bank to establish another similar Corporation.

Before I conclude, Gentlemen, I have to appeal to my countrymen that in the present planning period, we should all do our best in the national interest. My honest feeling is that all our efforts should be directed to produce all that we require by our own people and in our own land. The mentality of importing goods and every type of machinery should not be encouraged. To acquire self-sufficiency, as envisaged by Mahatma Gandhi, we must endeavour to produce everything of our own even if the procurement cost is high or even if our Government have to spend more money to cater to such a requirement of the people.

THIS IS NOT A PROSPECTUS BUT ONLY AN ANNOUNCEMENT

A copy of this Prospectus has been filed for registration with the Registrar of Companies, Bombay, as required by Section 92 (2) of the Indian Companies Act of 1913.

"Consent of the Central Government has been obtained to this issue by an order of which a complete copy is open to public inspection at the Head Office of the Company. It must be distinctly understood that in giving the consent the Government of India do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinions expressed with regard to them."

The special feature of this Company is that it is the only Company that is engaged in carrying out diamond mining operations on up-to-date and modern mechanised basis. Furthermore, extensive geological tests and prospecting work which in the normal course should cost the Company initially lakhs of rupees have already been done over a period of three years by the private limited Company, thus saving a huge amount of initial unproductive capital outlay. The new Company has taken over a going concern with potentialities and possibilities tried and established. Extensive mining operations at Panna are already in progress.

THE PANNA DIAMOND MINING SYNDICATE LIMITED

Authorised and Issued Capital	Rs. 1,00,00,000
Divided into: 2,00,000 Ordinary shares of	Rs. 25 each
25,000 Cumulative Preference Shares, 6% tax-free, redeemable in 15 years, of	Rs. 100 each
25,000 Cumulative Preference Shares, 6% tax-free, irredeemable, of	Rs. 100 each

The shares are offered for public subscription on the footing that for Ordinary shares Rs. 25 (Rupees twenty-five) only per share and for Preference Shares Rs. 100 (Rupees one hundred) only per share shall be payable on application.

Out of the 2,00,000 Ordinary Shares, shares of the value of Rs. 20,36,000 have been taken up and allotted to the existing shareholders of the Panna Diamond Mining Syndicate Ltd. (Private) in lieu of their old shares, at par. Applications for Ordinary Shares are invited in units of four shares or multiples of four.

LIST OF DIRECTORS

Chairman

(1) His Highness Col. Yeshwantrao Bhausaheb Maharaj Pawar, Maharaja of Dewas, Junior.
(2) Khan Bahadur C. B. Taraporewala, Financial Adviser to H.E.H. the Nizam of Hyderabad and Berar.
(3) Shri M. G. Kulkarni, Bombay.
(4) Shri M. B. Rege, Indore.
(5) Shri Ramrao M. Deshmukh, M.P., Amraoti.
(6) Shri Rangarao J. Sawant, Bombay.
(7) Shri Shamji Karamsi, Bombay.
(8) Shri Bhamji Monji Shah, Jabalpore.

MANAGING AGENT
MESSRS. M. G. KULKARNI
People's Building,
Sir P. Mehta Road,
BOMBAY—1

BANKERS:
Imperial Bank of India, Bombay.
Chartered Bank of India, Australia and China, Bombay.
Bank of Bikaner Ltd., Bombay and Panna.
Bank of Maharashtra Ltd., Bombay.

SOLICITORS:
M/s NANDLAL PATWARI & CO.,
Medows House, Medows Street,
BOMBAY—1

AUDITORS:
M/s DALAL AND SHAH
Apollo Street,
BOMBAY—1

REGISTERED OFFICE:
People's Building,
Sir P. Mehta Road,
BOMBAY—1

I. OBJECTS

The Company is converted from a Private Limited Company, to a Public Limited one for the purposes set out in the amended Articles of Association and Memorandum of the Company and in particular, to carry out the following business:

1. **To expand the existing mining operations at Panna by the most up-to-date and modern machinery; to attain, graduall, milling capacity of 10,000 tons per day.**
2. **To acquire all-India rights for the mining of other diamond fields in India, namely Golkonda and areas of Madras, Andhra and Hyderabad States. Certificates of Approval for these areas have been obtained and prospecting licence is being applied for.**
3. **To start subsidiary industries involving the use of diamond—gem and industrial—like Diamond Cutting and Polishing and Diamond Tool Manufacturing, for which a large market exists in India. Diamond Tools used in the manufacture of all the precision tools and heavy industrial equipment are being imported from foreign countries of the value of approximately Rs. 30 lakhs annually and by starting an industry for manufacturing these diamond tools, the produce of the Company will find a ready market.**
4. **To undertake mining of other profitable minerals.**

II. SHORT HISTORY

The Panna Diamond Mines are situated in the centre of India in Vindhya Pradesh. The entire territory has been prospected and tested in regard to the quality and quantity of the diamondiferous ore and the diamond deposits. Scientific investigations have satisfied the promoters of the Company of the potentialities.

The Panna Diamond Mining Syndicate Ltd. was established in 1936 as a Private Limited Company. The Company has so far spent Rs. 15,36,000 on prospecting and development work of the Panna Mines and the results achieved have been good. This was because of the wide experience and sound knowledge of the modern methods of mining operations possessed by the experts employed by the Company in the operational field.

Shri M. G. Kulkarni, the Managing Agent of the concern, has himself first hand knowledge and experi-

ence of working in the African mines and since he took over the direction and control of this organisation in 1950, results have been so encouraging that the promoters have taken a more farsighted and long-range view of the diamond mining industry as such.

Extensive prospecting has proved that there are twenty-two mining blocks in this area to be fully exploited. Of these, the Majgawan Mines definitely is one of the main sources of Diamond.

Hitherto a large part of the income from the operations had been ploughed back into the business for development purposes but experience has shown that this method of financing a planned expansion and development programme is un-economical, and even under-productive. Therefore, it is necessary to have much larger resources at the disposal of the Company, so that the programme of planned development and expansion during the next four years can go ahead, according to schedule, without having to depend upon the uncertain factor of operational surpluses. The proposed Five-Year Plan will cost nearly 50 to 60 lakhs. The target is to complete the programme of full mechanisation before the end of 1958.

III. PRINCIPAL FEATURES

1. **The present mining lease of the Company is for a period of fifteen years, covering an aggregate area of ten square miles.**
2. **The whole area is within easy reach of the present operational set-up which is now being expanded to keep pace with the expansion programme.**
3. **The estimated ore reserve according to geological experts is expected to last for a long period.**
4. **The average yield is expected to be ten carts for 100 tons of ore treated.**
5. **The average value of diamond will be Rs. 150 per carat.**
6. **In India experience has shown that the recovery of gem diamonds is more than that of industrial diamonds as compared to other mines of this kind abroad.**
7. **The intrinsic value of gem diamonds is much more than that of industrial diamonds.**

IV. PROSPECTS

Diamond Mining, as an organised industry, had not been tried in India on any scientific and mechanised basis. Whatever mining activities there have been, were of a primitive and sporadic character, confined to local diggers' handpicking of a few stones immediately after the rains.

The Panna Diamond Mining Syndicate Ltd. is the first enterprise that attempted on a limited scale to organise diamond-mining operations on a mechanised basis. Even those limited mechanised operations were started as recently as 1950. With the arrival in 1950 on the scene of Shri M. G. Kulkarni, with experience in modern methods of mining operations, geological surveying and prospecting the whole area were undertaken. Eminent Indian and foreign experts, who participated in these prospecting activities, have firmly confirmed the potentialities of these Mines.

The Panna Diamond Mining Syndicate Ltd. though handicapped by the limited capital resources available to them, have been able, by systematic prospecting to locate twenty-two diamond-bearing blocs. They have been luckily successful in striking the almost perennial source of diamonds, the Majgawan Pipe, which, according to expert opinion, may produce crores of rupees worth of the coveted treasure.

The limited resources of a private limited company were considered too inadequate for large-scale mining operations and, therefore, the Directors of the Company have decided to seek public co-operation and support by widening the basis and ownership of the Company with the association of a large body of the public in this vital undertaking.

In pursuance of this policy of broad-basing the ownership of this undertaking, the Directors have converted it into a public limited company with authorised capital of Rs. 1,00,00,000.

An undertaking of this scope, character and dimensions has normally to start almost from scratch but in this case, there is a ready made organisation, already having done a great amount of valuable research and prospecting work.

Full particulars and form of application may be obtained from the Registered Office of the Company or its Bankers. Those who wish to take up the agency for sale of shares should apply immediately.



COMPANY AFFAIRS

THE HIND BANK LTD.

The directors' report of the Hind Bank Ltd., for the year ended 31st December, 1953, shows the total deposits of the bank at Rs. 380.30 lakhs as against Rs. 317.59 lakhs in 1952. The biggest rise has taken place under "Fixed Deposits" wherein the figure has moved up from Rs. 90.49 lakhs to Rs. 139.46 lakhs. Advances have, therefore, advanced to Rs. 236.59 lakhs as against Rs. 175.06 lakhs in the preceding year. The results of this spectacular rise, both in deposits and advances, are reflected in the profit and loss account. Interest and discount earnings have improved by nearly Rs. 4 lakhs from Rs. 10.67 lakhs to Rs. 14.51 lakhs. Net profit has also risen to Rs. 7.91 lakhs from Rs. 6.75 lakhs in 1952. The directors have, therefore, enhanced the dividend rate from 2 per cent to 3 per cent per annum.

The table below brings out the chief features of the working of the bank during the last thre years:

Year ended 31st December	1951	1952	1953
	(In Lakhs of Rupees)		
Deposits and other Accounts			
(i) Fixed Deposits ..	93.26	90.49	139.46
(ii) Savings Bank Deposits	13.35	13.64	14.37
(iii) Current Account, Contingency Accounts etc. ..	241.70	213.45	226.47
TOTAL ..	348.30	317.59	380.30
Investments	115.52	114.63	110.25
Advances	174.99	175.06	236.59
Interest Paid on Deposits, Borrowings etc.	3.41	4.87	5.75
Interest and Discount Earnings	10.99	10.67	14.51
Net Profit (subject to taxation)	9.78	6.75	7.91
Provision for Taxation ..	2.70	2.90	3.86
Transfer to Reserve Fund ..	2.25	2.50	2.00
Dividend rate per cent per annum	2	2	3

THE AGARPARA COMPANY LTD.

The working results of the Agarpara Company Ltd., (Managing Agents: B. N. Elias & Co., Ltd.) for the half-year ended 30th September, 1953, show a decline of Rs. 8.08 lakhs in the figure for sales from Rs. 83.70 lakhs for the half-year ended 31st March, 1953, to Rs. 75.71 lakhs during the accounting period under reference. Net profit, however, has recovered from Rs. 1.72 lakhs to Rs. 4.05 lakhs and the directors have maintained the ordinary dividend at 10 per cent per annum. Rs. 2.76 lakhs have been set aside for taxation. For making these allocations, the directors have withdrawn Rs. 3.00 lakhs from the dividend equalisation fund which now stands reduced to nil.

Progress of the company during the last three half-years is outlined below:

Half-year ended	31-9-1952	31-3-1953	30-9-1953
	(In Lakhs of Rupees)		
Sales	162.09	83.79	75.71
Net Profit (before providing for depreciation and taxation) ..	14.20	1.72	4.05
Provision for Depreciation	1.13	1.13	1.09
Provision for Taxation ..	8.25	Nil	2.76
Ordinary Dividend rate per cent per annum ..	20	10	10

THE SVADESHI MILLS CO., LTD.

The audited accounts of the Svadeshi Mills Co., Ltd., (Managing Agents: Tata Industries Ltd.) for the year ended 31st December, 1953, show a satisfactory improvement in the working results. Even though total sales have dropped from Rs. 314.75 lakhs in 1952, to Rs. 281.04 lakhs in the year under reference, net profit has registered an improvement of Rs. 5.44 lakhs from Rs. 16.41 lakhs to Rs. 21.85 lakhs. The directors have increased the allocation to the depreciation fund from Rs. 6.00 lakhs to Rs. 8.00 lakhs and have also set apart Rs. 1.41 lakhs for taxation. A sum of Rs. 12.75 lakhs has been appropriated to the "Dividend Equalisation Fund" but for the sake of paying dividends, the same sum has been withdrawn from the fund so as to distribute Rs. 75,000 to the preference shareholders and Rs. 12.00 lakhs to the ordinary shareholders at the rate of Rs. 16 per share.

The table below summarises the working results of the mills during the last three years:

Year ended 31st December	1951	1952	1953
	(In Lakhs of Rupees)		
Sales			
(i) Cloth Sales	308.21	314.75	281.04
(ii) Yarn Sales	0.56	0.75	0.53
(iii) Waste Sales ..	6.82	6.08	8.46
TOTAL Sales	315.59	321.58	290.03
Net Profit (Before Providing for depreciation and taxation.)	46.29	16.41	21.85
Provision for Depreciation ..	4.00	6.00	8.00
Provision for taxation ..	17.00	Nil	1.41
Salaries and wages	72.89	80.36	94.21
Dividend rate per cent per annum ..	18	16	16

BRUSHWARE LIMITED:

The audited accounts of the Brushware Limited, (Managing Agents: Begg, Sutherland & Co., Ltd.) for the year ended 30th November, 1953, show a profit of Rs. 5,510 after making the usual charges. The directors have appropriated Rs. 5,000 for depreciation and have recommended a dividend of Re. 1 per share, free of income-tax.

BRAITHWAITE & CO. (INDIA), LTD.

The report of the directors of the above company for the year ended 31st December, 1953, shows an increase of Rs. 1,96,237 in profit to Rs. 6,04,189 after providing Rs. 9,00,000 for taxation, and Rs. 4,00,000 for "general reserve" and after providing for depreciation and other sundry charges. The directors have proposed a dividend of one rupee per share which will absorb Rs. 5,65,979.

REWA COALFIELDS LTD.

The working results of the Rewa Coalfields Ltd., (Managing Agents: Shaw Wallace & Co., Ltd.) for the half-year ended 30th November, 1953, disclose a trading profit of Rs. 3,56,232 after the inclusion of Rs. 26,964, the amount brought forward. Rs. 1,43,384 have been provided for taxation and Rs. 50,000 for the "development reserve". Dividend at the rate of 20 per cent per annum, free of income-tax, will absorb Rs. 1,35,000.

Output and despatches of coal for the last three half-years are as follows:

Half-year ended	Raisings (Tons)	Despatches (Tons)
31st December, 1953, ..	1,59,034	1,57,021
30th June, 1953 ..	1,45,493	1,42,358
31st December, 1952 ..	1,67,990	1,65,004

COMMODITY NEWS AND NOTES

SECOND ESTIMATE OF LINSEED

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India second estimate of linseed for 1953-54 puts the current year's area at 2,455,000 acres, as against 2,663,000 acres of the adjusted second estimate for the last year, thereby showing a decline of 208,000 acres or 7.8 per cent in area over last year. The decline in acreage under linseed during the current year has occurred mainly in Hyderabad, Madhya Bharat, Rajasthan, Bihar, Vindhya Pradesh and Madhya Pradesh. In Hyderabad, the decrease in area is due to the delay in sowings caused by heavy rains, while in the case of other States it is due to inadequate soil moisture at the sowing time. This decline has, however, been offset, to some extent, by small increases in area reported by Uttar Pradesh, West Bengal and Bombay. The information given in this estimate relates generally to the period up to end of February 1954. Past experience has shown that the area at the second estimate stage forms roughly 75 per cent of the area under crop finally reported.

INDIA'S WOOL TRADE IN 1953

Latest official figures for India's foreign trade in 1953 show a big increase in the imports of raw wool and wool tops from 9.7 million lbs. in 1952 to 13.8 million lbs. Carpet exports from India rose from 6.5 million lbs. in 1952, to 8.9 million lbs. in 1953. New Zealand and Australia were the main sources of supply for raw wool and the U.K. for wool tops. India's yarn and knitting wool imports also rose in 1953 to 1,876,000 lbs.; the 1952, figure being 925,000 lbs. There was no significant change in the level of imports of woollen and worsted piecegoods, compared with the 1952 figures. Exports of raw wool declined from 370 million lbs. in 1952 to 23.7 million lbs. for 1953.

INDIA MAIN SUPPLIER OF COTTON CLOTH TO BRITAIN

India has ousted Japan as leading overseas supplier of cloth to the United Kingdom. Official figures show that India's exports to Britain in February totalled 10,727 thousand square yards of cloth or nearly two-thirds of all foreign cloth sent to Britain during the month. Japan's exports were 681 thousand square yards only.

PROTECTION TO BUTTON INDUSTRY TO CONTINUE

The Government of India has accepted the recommendations of the Tariff Commission on the continuance of protection to the button industry. According to these recommendations, protective duty on plastic buttons has been fixed at 66-2/3 per cent 'ad valorem' or annas twelve per gross whichever is higher. This duty will remain in force up to December 31, 1955. For the indigenous domnut, mother of pearl or metal buttons no protection is required, if imported from any other source. Necessary assistance to the metal buttons factories in obtaining licences for celluloid, polishing materials and rickle salts will be given by the Director of Cottage Industries, Uttar Pradesh, Kanpur. The permission to import crozonuts to the nut-button factories shall be subject to the availability of foreign exchange. The request of domnut manufacturers for the grant of license on annual basis for the imports of domnuts will receive due consideration.

PROTECTION TO COATED ABRASIVES INDUSTRY

The G.O.I.'s resolution on the Tariff Commission's report on the continuance of protection to the coated abrasives industry has been published in the 'Gazette of India,' dated May 1, 1954. The Government have accepted the Commission's main recommendation that protection to the industry should be continued for a further period of one year, i.e. up to December 31, 1955. They have also recommended that protective duty on abrasive papers and rolls etc, covered by item No. 30(9) of the Indian Customs Tariff should continue to be levied at the existing rate of 25-1/5 per cent 'ad valorem' (preferential) and 37-4/5 per cent 'ad valorem' (standard), inclusive of surcharge, and that the protective duty on every cloth and abrasive rolls etc. covered by item No. 30(10), should be reduced from 36¾ per cent to 31½ per cent 'ad valorem' inclusive of surcharge. A notification giving effect to the reduction in the duty has been issued. The Government have also accepted the other ancillary recommendations of the Commission.

REGULATION OF INDIAN TEA CROP

About 567 m. lbs. of tea were put in the market in 1953-54, as a result of regulation of tea crops in north-east India in 1953, following a crisis in the tea industry. In the previous year about 620 million lbs of tea were offered for sale. The regulation of tea crops in north-east India will be continued in 1954 also with a view to keeping up the production of "quality tea" and maintaining a "fair price".

LOWER SUGAR PRODUCTION IN BIHAR

Over 3,978,000 maunds of sugar were produced in Bihar in 1953-54, as against over 74,33,000 maunds in 1952-53. About four crore maunds of cane was crushed in 1953-54, as against over 7.4 crores in 1952-53. The fall in production of sugarcane was due to reduction in acreage in cane plantation in 1952-53, consequent upon the heavy reduction in the minimum prices of cane and also due to damage caused to cane crop by flood. A portion of the cane had also been diverted to the manufacture of gur on account of its high prices.

MALAYA TO REDUCE RICE IMPORTS

The Government of Federation of Malaya revealed recently that its rice stocks had become too big and it would reduce imports and cut prices to encourage consumption. Rice was staying too long in reserve and was in danger of becoming stale. Reasons for big stocks were in increase in rice imports on the free market, which are now estimated at three times those of a year ago, and the appearance on the market of a heavy local crop.

"ALL PAKISTAN" THIRD FORECAST OF COTTON CROP FOR THE YEAR 1954-55

This third forecast of the area under cotton crop for the year 1954-55 is 3,094,000 acres as against 3,363,000 acres reported in the third forecast of the previous year, and shows a decrease of 8.0 per cent. With the exception of East Bengal and N.-W.F.P., there has been a general decrease in the acreage of this crop in Pakistan, which is attributed to the Grow More Food Campaign. Substantial decreases have occurred in the Punjab and Bahawalpur State. The yield of this crop for the year 1953-54 is estimated at 1,371,000 bales of 392 lbs. each as against 1,488,000 bales of 392 lbs. each reported in the third forecast of the previous year, and shows a decrease of 7.9 per cent.

CONDUIT PIPES EXPORTS

The Government of India have decided to allow exports of conduit pipes accessories during 1954 by manufacturers and for their accredited agents up to 20 per cent of their production during 1953. During 1953, India produced 3.77 million feet of conduit pipes. There are seven units with an installed capacity to manufacture 7.56 million feet of conduit pipes in a year on a single shift basis.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.4	359 2	367.4	686.6	397.5	90 4	100.6	87.4	95.7
June 1953 ..	398.9	481.0	363.4*	370.1	674.5	405.4	90.5	100.6	87 2	94.4
July ,, c ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
Week Ending										
20-3-1954 ..	371.3	459.8	355.6	375.7	686.3	394.0	90.4	101.4	88.0	102.3
27-3-1954 ..	378.0	461.4	357.2	375.8	690.0	396.8	90.4	101.4	88.1	102.6
3-4-1954 ..	380.5	464.0	358.7	378.7*	703.9	399.6*	90.6	101.4	88.3	102.9
10-4-1954 ..	389.0	472.2	359.9	380.6	706.3	404.4	90.7	101.4	88.3	103.5
17-4-1954 ..	381.6	478.5	365.1	381.5	713.2	404.4	90.7	101.3	88.4	104.5

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

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	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	387	147	351	147	156	145
1953 March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	141
1954 January	346	363	269	139	325	442	377	—	353	—	—	—
February	331	348	257	139	316	432	—	—	353	—	—	—
March	—	—	—	138	—	416	—	—	345	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 1-5-1954			24-4-1954			17-4-1954			10-4-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	94-10	92-15	93-14	93-14	91- 4	92- 9	94-10	93- 0	93-14	95- 6	91- 4	93- 9
Silver (per100 fine tolas)	172- 4	169- 4	171- 1	170-12	165-14	168- 3	173- 7	169- 5	170-14	173-14	169-15	171-11

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52:91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
March ,,	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57.22	93,12	421,34	1,202,63
Week Ending										
19-3-1954	1,190 11	12,40	1,202,51	40,02	648,15	688,17	57.23	93,00	421,34	1,202,51
26-3-1954	1,185,92	17,23	1,203,16	40,02	648,15	688,17	57.20	93,65	421,34	1,203,16
2-4-1954	1,207,74	10,63	1,217,67	40,02	648,15	698,17	57.34	98,16	421,34	1,217,67
9-4-1954	1,226,28	10,67	1,236,95	40,02	658,15	718,17	58 06	97,44	421,34	1,236·95
16-4-1954	1,230,00	6,94	1,236,94	40,02	678,15	718,17	58.06	97,44	421,34	1,236.94
23-4-1954	1,220,68	16,76	1,237,44	40,02	678,15	718,17	58.04	97,94	421,34	1,237,44

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	485
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	414
	(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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22,49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
March ,,	80,90	42,08	40,44	42,99	206,41	24,92	241,32	12,72	10,46	99,86	1,12	39,83	68,70	8,64
Week Ending														
19-3-1954	64,02	62,56	38,89	42,78	208,24	26,74	244,98	12,65	10,74	101,88	48	44,24	66,36	8,63
26-3-1954	65,77	62,59	42,41	43,76	214,52	25,08	249,60	17,55	10,74	104,82	51	41,10	66,16	8,72
2-4-1954	63,59	38,95	42,06	44,66	189,26	27,06	226,32	10,84	11,33	96,04	1,01	32,30	65,84	8,96
9-4-1954	60,61	27,08	42,33	45,38	175,40	27,33	212,72	10,96	14,75	74,77	1,66	36,60	64,99	9,00
16-4-1954	51,33	29,60	42,14	45,38	168,45	30,08	208,53	7,21	14,58	74,18	98	37,90	64,65	9,02
23-4-1954	60,27	28,67	44,21	45,59	178,74	28,72	217,46	17,04	13,00	73,71	1,65	39,31	63,65	9,09

Note: Figures in brackets relate to Pakistan. **Inclu des Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

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	16,44	45.10	..
1949-50 ..	597,79	272,59	870,38	34,47	65,85	11.53	426,74	15,35	50.79	..
1950-51 ..	599,13	278,45	877,59	34,68	60,78	10.88	447,03	11,87	52.29	..
1951-52 ..	593,73	290,82	884,55	37,33	57,29	10.70	523,59	22,81	61.77	303,49§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49.46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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
Week Ending										
25-9-1953 ..	524,89	330,23	855,11	31,23	49,84	9.48	418,14	41,98	53.81	333,87
2-10-953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16-10-1953 ..	520,35	332,92	853,27	30,06	50.34	9.42	420,89	38,62	53.85	336,15
23-10-1195 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16
29-1-1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5-2-1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12-2-1954 ..	513,66	330,41	844,07	32,60	39,40	8.53	461,68	53.56	61.04	320,61
19-2-1954 ..	522,30	331,20	853,50	31,96	39,84	8.41	462,46	55,88	60.73	320,14
26-2-1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	458,52	62,89	61.19	319,23
5-3-1954 ..	522,74	330,71	853,45	32,13	37,38	8.14	461,30	66,30	61.82	318,76
12-3-1954 ..	525,76	329,57	855,34	31,75	40,19	8.41	466,18	64,16	62 00	318,03
19-3-1954 ..	518,74	327,14	845,88	30,93	38,60	8.22	470,51	66,51	63.49	317,10
26-3-1954 ..	528,89	327,57	856,46	32,07	40,83	8.51	469,85	68,34	62.84	318,87
2-4-1954 ..	541,51	325,41	866,93	31,38	50,45	9.44	472,23	73,27	62.92	318,83
9-4-1954 ..	539,86	327,84	867,70	31,26	41,56	8.39	477,93	74,23	63.64	316,33
16-4-1954 ..	542,20	328,06	870,26	33,00	41,07	8.51	481,61	75,13	64.09	312,38
23-4-1954 ..	545,57	328,71	874,28	33,45	41,96	8.90	481,30	76,83	63.81	313,93

*Undivided India §Average of weeks from November 1951 †Including Bills Discounted

INDEX NUMBERS OF COST OF LIVING AND WHOLESALE PRICES IN FOREIGN COUNTRIES

Monthly averages or calendar months

(Base adjusted to 1948=100)

	Cost of Living			Wholesale Prices		
	Japan (1)	U.S.A.	U.K.	Japan	U. S. A.	U. K.
1949	132	99	103	163	95	105
1950	123	100	106	193	99	120
1951	143	108	116	268	110	146
1952	150	110	126	273	107	149
1953	..	111	130	..	105	149
1952 February	149	109	123	279	108	150
March	150	109	123	276	108	152
April	150	110	125	273	107	150
May	149	110	125	272	107	149
June	149	110	128	272	107	149
July	151	111	128	274	107	149
August	152	111	127	272	107	148
September	151	111	126	272	107	147
October	152	111	128	271	106	149
November	150	111	128	268	106	148
December	150	111	128	268	105	149
1953 January	153	111	128	273	105	148
February	156	110	129	274	105	148
March	156	111	130	274	105	150
April	157	111	131	274	105	151
May	156	111	130	274	105	150
June	158	111	131	275	105	150
July	161	112	131	276	106	150
August	163	112	130	277	106	149
September	163	112	130	279	106	148
October	168	112	130	281	106	148
November	166	112	130	281	105	149
December	..	112	130	..	105	149
1954 January	..	..	..	..	106	148
February	..	..	..	..	106	148

(1) New series (base 1951=100) linked to the old index at January 1951.

Source: U. N. Monthly Bulletin of Statistics

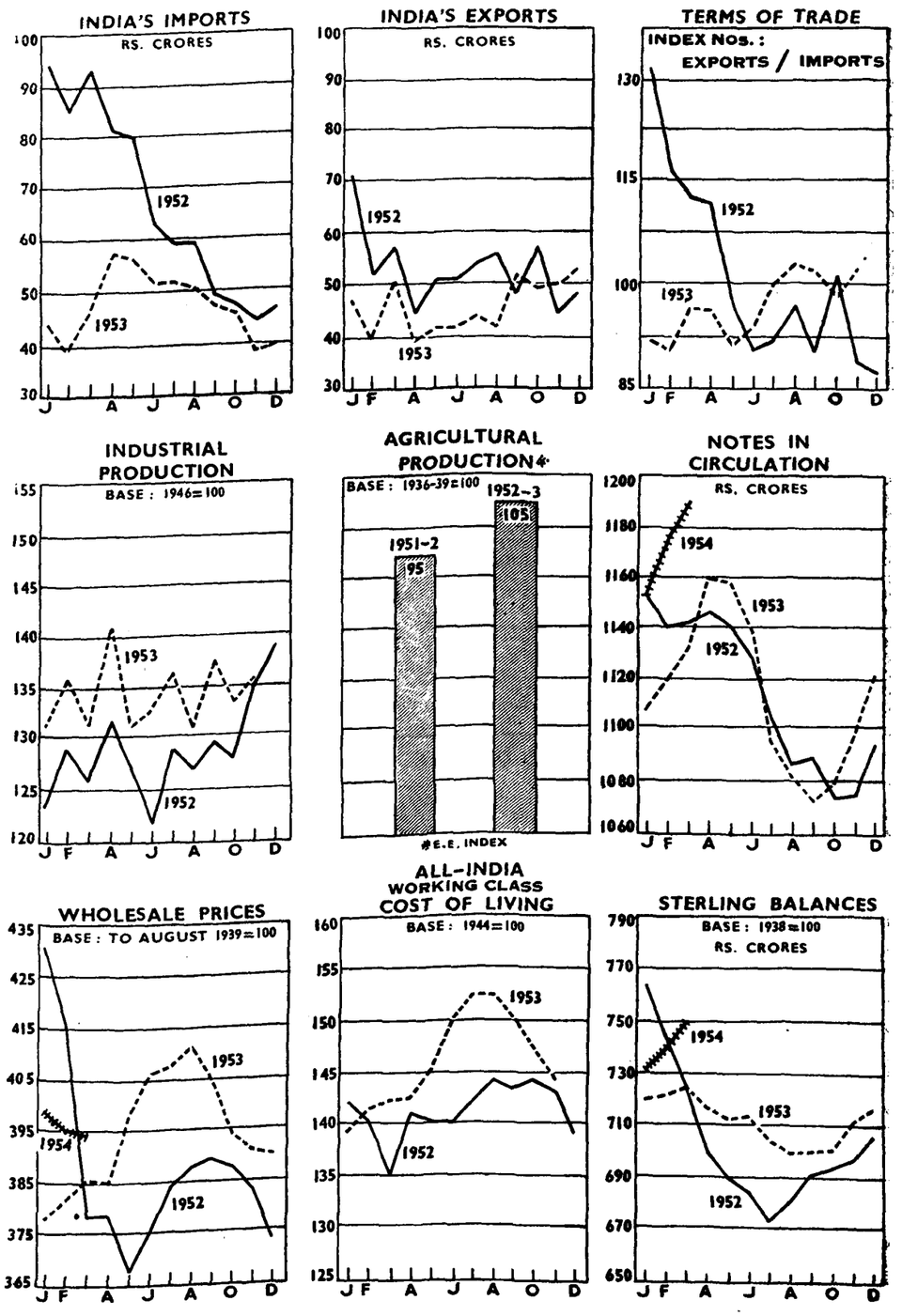
LATEST CROP ESTIMATES

Crop	Estimate		Area: Acres (000)	Area: Increase + or decrease — over the corresponding estimate of the previous year (percent)	Yield: Tons (000)	Yield: Increase + or decrease — over the corresponding estimate of the previous year (percent)
FOOD-GRAINS:						
Rice	Final	1953–54	76,646	+ 3·3	27,079	+ 20·4
Wheat	First	1953–54	23,149	+ 4·5	..	..
Jowar	Second	1953–54	41,265	+ 3·9	5,360	+ 18·7
Bajra	First	1953–54	26,514	+ 14·5	..	..
Maize	,,	1953–54	8,464	+ 9·0	..	..
Ragi	Final	1953–54	5,472	+ 0·8	1,564	26·3
Barley	First	1953–54	7,620	+ 5·9	..	..
Gram	First	1953–54	17,317	+ 8·6	..	..
Sugarcane	Second	1953–54	4,101	— 3·0	(a) 5,100	+ 2·2
OILSEEDS:						
(i) Edible—						
Sesamum	Third	1953–54	5,828	+ 3·8	516	+ 19·7
Groundnut	Final	1953–54	11,356	— 4·2	3,772	+ 30·8
Rape & Mustard ..	First	1953–54	2,140	+ 0·5	..	..
(ii) Non-edible—						
Linseed	Final	1953–54	2,490	— 3·3	..	..
Castorseed	Final	1953–54	1,368	+ 0·8	107	+ 0·9
FIBRES:						
Cotton	Third	1953–54	15,053	+ 10·1	13,266	+ 31·3
Jute	Final	1953–54	1,196	— 34·2	(b) 3,128	— 32·1
OTHER CROPS:						
Tobacco	First	1953–54	777	+ 5·4	..	..
Potato	First	1953–54	536	— 8·3	..	..

(a) Raw Sugar (Gur) (b) In bales of 400 lbs.

Source: Ministry of Food & Agriculture

ECONOMIC TRENDS



JUTE STATISTICS

JUTE CROP FORECASTS
(Governments of India & East Bengal)

	Prelim. Area (000 acres)	Final Forecast		
		Area (000 acres)	Crop (000 bales)	Bales per acre
1951–52 Total ..	36,89	37,30	110,09	2·95
East Bengal ..	18,69	17,79	63,31	3·56
West Bengal* ..	7,52	9,01	23.92	2·65
Rest of India ..	10,68	10,50	22,86	2·18
1952–53 Total ..	35,16	37,24	114,28	3·07
East Bengal ..	17,59	19,07	68,23	3·58
West Bengal* ..	7,52	8,44	24,21	2·87
Rest of India ..	10,05	9,73	21,84	2·24
1953–54 Total ..	20,58	19,56	56,31	2.88
East Bengal ..	7,89	7,60	25,03	3.29
West Bengal* ..	5,84	5,50	15,36	2·79
Rest of India ..	6,85	6,46	15,92	2·46

*Including Cooch Behar and Tripura.

JUTE CROP FORECASTS

Annual Average or Season	Area (000 acres)	Yield (000 bales)	Yield per acre
1934–35—1938–39	2,758	8,185	2·97
1938–39	3,165	6,844	2·17
1939–40	3,161	9,750	3·09
1940–41	5,669	13,186	2·33
1941–42	2,160	5,476	2·53
1942–43	3,333	9,062	2·71
1943–44	2,639	7,004	2·65
1944–45	2,104	6,203	2·95
1945–46	2,422	7,991	3·22
1946–47	1,911	5,648	2·85
1947–48	2,710	8,539	3·15
1948–49	2,710	7,534	2·78
1949–50	2,724	6,422	2·36
1950–51	2,704	7,753	2·87
1951–52	3,730	11,009	2·95
1952–53	3,241	11,428	3·07

SUPPLY AND DISTRIBUTION OF JUTE
1952-53 & 1953-54

Supply	1952–53 (lakh bales)	1953–54 (lakh bales)
STOCKS—		
I.J.M.A. mills opening stock:		
(a) Calcutta ..	8·64	11·20
(b) Outside Calcutta ..	0·94	2·42
Opening stock of mills outside I.J.M.A. ..	1·50(E)	2·13(E)
Balers stocks (Calcutta) ..	0·50	0.43
Other stocks (Districts) ..	Nil(E)	Nil(E)
	11·58	16·18
Indian Union Crop (Govt. forecast)		
Received/Expected from Pakistan:		
(a) by Mills	46·05	31·28
(b) by balers & other sources ..	13·25	18·00(E)
Total Supply ..	70·88	65·46
DISTRIBUTION		
Mill Consumption—		
(1) I. J. M. A. Mills ..	52.53	50·32(E)
(2) Outside Mills ..	2.06	1·97(E)
	54·59	52·29
Domestic Consumption ..	1.00(E)	1·00(E)
Exports ..	Nil	Nil
Total Distribution ..	55·59	53·29
Carry over at end of Season ..	15·29	12.17

(E)=Estimated.
Committee.

WEEKLY PRICES OF JUTE AND GUNNIES

DATE	Naraingung	Calcutta				GUNNIES	
	Jute: Mill	JUTE					
		Assam		Pak. Jat.		Hessian 40"10 oz. (Ready)	Sackings B. Twill (Ready)
	Middle / Bottom	Middle	Bottom	Middle	Bottom		
	Rs. per md.	Rs. per md.		Rs. per md.		Rs. per 100 yds.	Rs. per 100 bags
1953–54	Rs. A. / Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
2nd November ..	23 0 / 18 0	29 8	26 8	32 8	28 8	46 2	99 0
9th ,, ..	23 0 / 20 0	30 0	27 0	34 0	30 0	47 14	100 8
16th ,, ..	25 0 / 20 0	31 8	28 8	36 0	32 0	49 6	104 14
23rd ,, ..	24 0 / 22 0	30 8	27 8	35 0	31 0	47 8	101 8
30th ,, ..	24 0 / 21 0	31 8	28 8	35 0	31 0	47 13	104 8
7th December ..	24 0 / 21 0	30 8	27 8	34 0	30 0	47 3	103 4
14th ,, ..	24 0 / 21 0	30 8	27 8	34 0	30 0	45 12	102 8
21st ,, ..	24 0 / 21 0	31 8	28 8	34 0	30 0	47 1	105 12
28th ,, ..	24 0 / 21 0	31 8	28 8	34 8	30 8	46 14	107 4
4th January ..	24 0 / 21 0	31 8	28 8	34 8	30 8	46 5	107 4
11th ,, ..	24 0 / 21 0	30 8	27 8	34 0	30 0	44 7	103 4
18th ,, ..	24 0 / 21 0	31 0	28 0	34 0	30 0	45 13	105 8
25th ,, ..	24 0 / 21 0	31 0	28 0	34 0	30 0	46 5	103 8
1st February ..	.. / ..	31 0	28 0	34 0	30 0	45 7	102 14
8th ,, ..	.. / ..	30 8	27 8	33 8	29 8	45 9	102 8
15th ,, ..	23 0 / 20 0	30 8	27 8	33 0	29 0	46 6	104 8
22nd ,, ..	23 0 / 20 0	29 12	26 12	33 0	29 0	46 3	107 2
1st March ..	23 0 / 20 0	28 0	25 0	31 8	27 8	44 14	106 10
8th ,, ..	23 0 / 20 0	28 0	25 0	31 0	27 0	44 6	108 6
15th ,, ..	22 8 / 19 8	27 8	24 8	31 0	27 0	42 12	105 10
22nd ,, ..	23 0 / 20 0	28 0	25 0	31 8	27 8	42 10	106 4
29th ,, ..	23 0 / 20 0	28 0	25 0	31 8	27 8	42 0	106 4
Highest, 1952–53 ..	23 0 / 20 0	32 0	29 0	42 0	38 0	54 10	120 8
Lowest, 1952–53 ..	12 8 / 10 0	20 8	17 8	33 0	29 0	38 8	86 12

INDUSTRIAL PRODUCTION

List of industries which have shown better utilisation of installed capacity, production having improved progressively since 1951.

Name of industry	Unit	Year	Capacity	production
Bicycles ..	Nos.	1951	120000	114275
		1952	417500	196956
		1953	417500	264169
Building and Hardware Fittings ..	Tons	1951	4028	1518
		1952	4888	1725
		1953	4888	2022
Ball bearings ..	Nos.	1951	600000	234389
		1952	600000	416769
		1953	600000	648376
Boilers (locomotives)	,,	1951	96	Nil
		1952	96	41
		1953	96	52
Bare copper conductors ..	Tons	1951	20000	2996
		1952	20000	5929
		1953	20000	7372
Electric motors ..	H.P.	1951	152500	142799
		1952	200000	157477
		1953	200000	164200
Electrical house service watt hour meters ..	Nos.	1951	50000	1736
		1952	185000	34358
		1953	185000	80677
Machine screws ..	gross	1951	Nill	Nil
		1952	444400	147500
		1953	444400	167768
Pistons ..	Nos.	1951	Nill	Nil
		1952	300000	746
		1953	300000	65497
Refrigerators (domestic) ..	,,	1951	3600	524
		1952	3600	600
		1953	3600	1143
Sewing machines ..	,,	1951	37500	44461
		1952	41500	50045
		1953	41500	62419
Steel furniture ..	Tons	1951	19948	6008
		1952	30988	7215
		1953	30988	12175
Brass and copper pipes and tubes ..	,,	1951	360	20
		1952	360	39
		1953	180	46
Carding engines ..	Nos.	1951	600	103
		1952	600	112
		1953	600	192
Umbrella ribs ..	Doz. sets	1951	103000	46849
		1952	165000	120329
		1953	165000	132413
Lead ..	Tons	1951	6000	859
		1952	6000	1132
		1953	6000	1694
Water meters ..	Nos.	1951	Nil	Nil
		1952	12000	1921
		1953	12000	6792
Belting (hair and cotton) ..	Tons	1951	1120	676
		1952	1120	710
		1953	1120	760
Wire Nettings ..	,,	1951	Nil	Nil
		1952	684	156
		1953	684	206
Ammonium Sulphate	,,	1951	427030	52705
		1952	432170	220302
		1953	426850	315960
Carbon disulphide ..	,,	1951	2100	1080
		1952	2100	1375
		1953	2100	1757
Sodium bisulphite ..	,,	1951	600	260
		1952	600	310
		1953	600	325

Name of Industry	Unit	Year	Capacity	Production
Sodium thiosulphate	Tons	1951	1730	610
		1952	1890	670
		1953	1890	750
Benzene hexachloride	,,	1951	Nil	Nil
		1952	500	66
		1953	500	130
Sulphur black ..	Lbs	1951	Nil	Nil
		1952	780000	14573
		1953	780000	372000
Azo dyes ..	,,	1951	Nil	Nil
		1952	2059200	66965
		1953	2059200	470000
Toilet Powders ..	,,	1951	2726000	811000
		1952	3316000	989300
		1953	3316000	1066600
Nitro-Cellulose .. (Lacquers and ancillaries)	Gals	1951	349500	92098
		1952	400000	144562
		1953	400000	200000
Alkyd Resins ..	Tons	1951	Nil	Nil
		1952	350	178
		1953	350	200
Zinc Oxide ..	,,	1951	Nil	Nil
		1952	12000	2396
		1953	12000	3000
White Lead ..	,,	1951	Nil	Nil
		1952	3720	296
		1953	3720	500
Red Lead ..	,,	1951	Nil	Nil
		1952	5000	1575
		1953	5000	1600
Chrome Colours ..	,,	1951	Nil	Nil
		1952	—	315
		1953	—	350
Sanitaryware ..	,,	1951	2544	648
		1952	2544	453
		1953	2160	720
Bakelite Moulding Powder ..	,,	1951	450	205
		1952	800	298
		1953	800	380
Linoleum ..	Yds	1951	Nil	Nil
		1952	450000	159525
		1953	450000	161935
Tiles (Glazed) ..	Doz.	1951	Nil	Nil
		1952	870000	349000
		1953	870000	359000
Tractor Tyres ..	Nos.	1951	Nil	Nil
		1952	9800	3848
		1953	5400	8700
Tractor Tubes ..	,,	1951	Nil	Nil
		1952	9800	5488
		1953	6000	7500
Aero Tyres ..	,,	1951	Nil	Nil
		1952	8100	689
		1953	6600	1100
Cab Tyres ..	Feet.	1951	Nil	Nil
		1952	1888000	385751
		1953	1556100	482900

THE EASTERN ECONOMIST INDEX OF INDIAN AGRICULTURAL PRODUCTION.

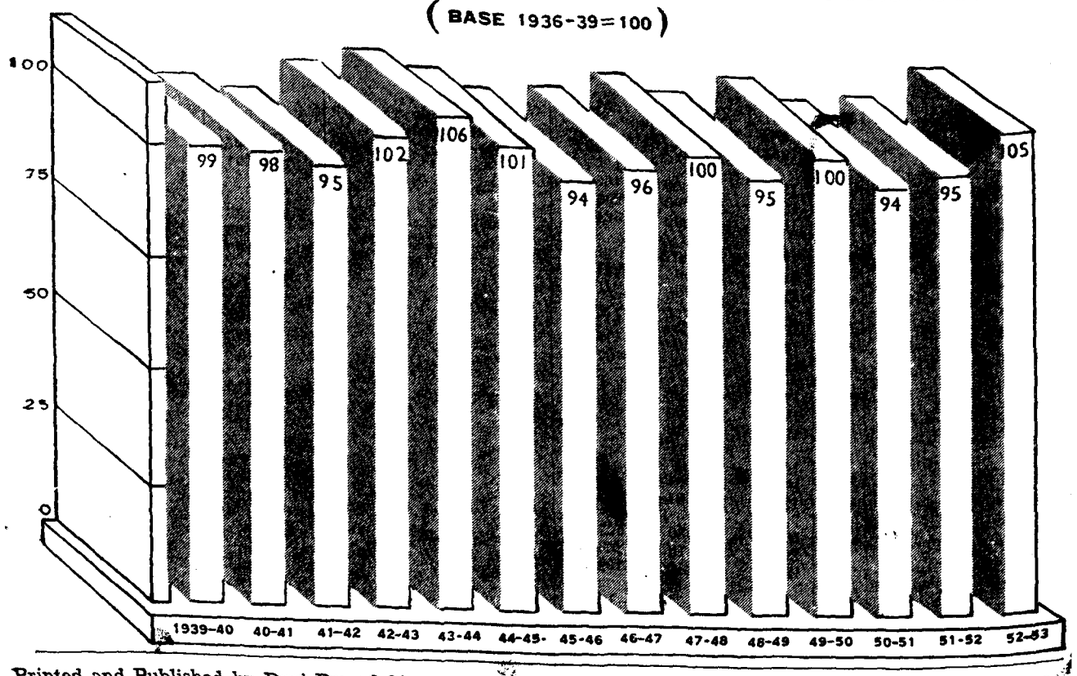
(Base : 1936-39=*100*)

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	(*) 1947-48	(*) 1948-49	(*) 1949-50	(*) 1950-51	(*) 1951-52	P 1952-53
Foodgrains ..	**99**	**95**	**93**	**103**	**107**	**104**	**95**	**96**	**102**	**96**	**99**	**91**	**91**	**103**
Rice ..	98	88	92	99	109	102	96	104	102	98	101	88	90	102
Wheat ..	104	98	91	99	90	97	84	67	77	77	86	87	82	92
Millets ..	99	108	99	112	111	114	99	99	108	89	99	93	96	111
Gram ..	94	96	86	111	122	103	100	115	143	145	117	115	105	121
Fibres ..	**90**	**111**	**105**	**78**	**87**	**55**	**56**	**53**	**58**	**53**	**78**	**85**	**100**	**98**
Cotton ..	89	107	109	76	89	54	52	51	54	46	65	72	77	75
Jute ..	99	132	82	87	77	62	78	66	83	99	154	164	235	235
Oilseeds ..	**106**	**111**	**94**	**98**	**104**	**107**	**97**	**100**	**104**	**95**	**106**	**103**	**104**	**101**
Sesamum ..	96	110	95	106	102	88	88	81	88	84	108	113	110	113
Groundnut ..	101	118	82	91	125	122	110	114	109	92	107	109	97	92
Rape & Mustard ..	117	114	113	102	93	111	96	107	109	99	107	101	122	112
Linseed ..	106	99	81	92	86	89	83	77	101	99	97	85	73	83
Miscellaneous ..	**102**	**107**	**112**	**117**	**116**	**112**	**124**	**112**	**121**	**121**	**126**	**127**	**126**	**126**
Sugarcane ..	90	113	83	110	114	106	102	110	131	109	111	126	136	118
Tobacco ..	100	104	103	86	75	93	97	79	69	75	78	77	57	64
Tea ..	105	109	119	113	135	121	136	147	152	156	158	158	164	162
Coffee ..	97	89	112	102	108	108	159	96	99	139	128	116	130	142
General Index ..	**99**	**98**	**95**	**102**	**106**	**101**	**94**	**96**	**100**	**95**	**100**	**94**	**95**	**105**

(*) Revised. p-Provisional.

THE EASTERN ECONOMIST INDEX OF AGRICULTURAL PRODUCTION

(BASE 1936-39=100)



Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi.
Editor:—E. W. da Costa. M.A. (Oxon.)

AIR FREIGHT EDITION

SECRETARIAT 19 MAY 1954 MADRAS

THE Eastern Economist

VOL. XXII. NO. 20. NEW DELHI: MAY 14, 1954. ONE RUPEE

CONTENTS

	Page
LEADING ARTICLES :	
ECONOMIC CO-OPERATION IN SOUTH-EAST ASIA	773
DIEN BIEN PHU	775
THE BANK AWARD	776
THE WEEK'S NOTES — Marriage Law and the Second Chamber; Atomic Energy Debate; Agreement on Abducted Persons; Mr. St. Laurent: Asia's Interpreter; Grassroots Planning.	777
WORLDGRAM AND NEWS IN BRIEF	781
A WINDOW ON THE WORLD — Odysseus on "Your Votes Control Production"	785
BOOK REVIEWS	789
A DELHI DIARY :	791
SPECIAL ARTICLES :	
TOWARDS ECONOMIC UNION IN SOUTH-EAST ASIA?	793
FOOD POSITION IN SOUTH-EAST ASIA	794
THE BUSINESS WORLD :	
Modernisation in the Jute Industry	79
BUSINESS NOTES — Rationalisation by Degrees; Outlay on Acquisition of Additional Tonnage; First Year of Punjab Finance Corporation; Madras Legislation on Electricity; Concession on Controlled Steel; Co-ordination of Civil Aviation in Europe; Readjustment of Export Duties; Steel Output Down; Draft Standards for Bi-cycle Components; Synthetic Petrol Scheme Losing Ground?.	79
COMPANY AFFAIRS	802
COMMODITY NEWS AND NOTES	803
CURRENT STATISTICS	805

Economic Co-operation in South-East Asia

THE Colombo Conference of South-East Asian Prime Ministers continues to attract headlines. The Indian Prime Minister's dignified statement in the House of the People this week has disposed finally of some curious reports of the proceedings which seem, quite inexplicably, to have been given unwise prominence in other countries. It is good to nail a lie to the mast. But when that has been done, it is quite unnecessary to fasten one's attention upon it to the detriment of more urgent tasks. A full enquiry is being made as to how reports, apparently correctly filed in Colombo, got warped in the process of transmission; that should be enough so far as that particular operation is concerned. It is time to turn from press and prestige considerations to the substance of the Conference and to consider the action that is now necessary to build upon the good foundations that have been laid.

The substance of this Conference was the emergence of South-East Asian co-operation as a factor not so much in world, as in South-East Asian, affairs. The temptation is always great after each Conference of this kind to proclaim the truth of a new ideal, or a third force, or a new peace bloc or any one of these fashionable, but now almost meaningless, phrases. No one conversant with all that happened in Colombo will make any extravagant claims on the immediate value of this Conference in determining the future

of events, even in respect of those matters on which resolutions were passed. The Colombo Conference was almost entirely a process of self-education. Almost every delegation had something to learn by way of modification of its views in respect of the policy, and perhaps even more emphasis on policy, of every other member of the group. Almost nothing in Colombo or in Kandy went strictly according to anticipations. And not the least of the results of the Conference is the recognition that the South-East Asian Prime Ministers need to explore themselves before they propound specious solutions of global problems. The Conference was a success largely because of this readiness to explore one another's approaches rather than to speculate on the approaches of the major contestants in the Cold War. That process needs continuously to be expanded to produce the real fruits of meetings such as these. South-East Asia must know itself; wisdom, like charity, should begin at home.

Nothing could be more deleterious to the purpose and success of the Conference than for the South-East Asian Prime Ministers, now that they are away from the Conference room, to go on as before the Conference. The bond made at Kandy will have proved superficial unless each government of the area now sets out rethinking its foreign and economic policy in terms of the principles of South-East Asian co-operation which were widely accepted as a basis for such meetings. There is a natural tendency for each country to return to its own position; it is far easier to continue in a trodden path than to face the exacting implications of a new and unfamiliar alliance. But if the alliance seemed worth while at Kandy, it must have been deemed worth while as a continuing thing. The price of every alliance is rethinking; every External Affairs Ministry in South-East Asia needs to set about examining the implications of this new alliance. If this alliance involves no modification of existing policy in any of the participating countries, then the Conference was redundant. If it was not redundant, there must be change somewhere; it is proper to ask where and in what measure that change is to be sought.

In a Leading Article 'After the Conference' in its issue of May 7, "The Eastern Economist" set out the challenge to India's foreign policy of neutralism—dynamic or otherwise—set out by the Colombo Conference. But if India is to be less neutralist than before in order to accommodate herself to majority opinion in South-East Asia, surely South-East Asia must be more neutralist than before in order to accommodate itself to Indian fears. The implication of this condition in political terms is that South-East Asia should be less dynamic politically in respect of criticism of either side of the Cold War. One of the first studies to be conducted in the External Affairs Ministries of each member nation is the extent to which India's foreign policy will now influence the policy of the other participants in the area. The Cold War in Asia thus becomes a central problem for research and resolution of policy. There are superficial observers who have contended that the Cold War can be kept out of South-East Asia. The Colombo Conference showed conclusively what egregious nonsense this was. The Cold War was in every Prime Minister's mind; it was a misfortune that they could think of so little else.

Firstly, therefore, there is to come in South-East Asia more concerted thinking on Cold War policy in this area. In general terms, that is as much political co-operation as is here and now possible. Not too much need be expected in this respect between now and the next Conference, which may be held eight months from now. On the other hand, the specific work which can be done in economic affairs can be large and continuous, and its fruits may well be abundant. There is almost no limit to the areas of co-operation, once the background information is made available in a form which permits of decision. What hinders economic co-operation in South-East Asia today is almost certainly the absence of any competent statements of case on the large issues on which economic co-operation is here and now to be framed.

"The Eastern Economist" proposes in a series of Special Articles in the next few months to highlight the possibilities of this economic co-operation. In the current issue there are two Special Articles, one on 'Towards Economic Union in South-East Asia', indicating that there are now possibilities of a Payments Union with all that involves in the better utilisation of foreign exchange resources. In the second Special Article, the present satisfactory food situation in South-East Asia is described. It is in fact the substantial improvement in the food position which is primarily responsible for the opportunity that has come to South-East Asia for the first time to consider co-operation in payments as part of a mutual assistance programme. The food position is now seen to be stable enough to permit of the continuance of the favourable payments position, unless there is a catastrophic recession in the prices of non-food items which cannot now be foreseen. A high element of stability has entered into South-East Asian payments. This is the appropriate time for developing some payments agreements which, in effect, will allow unused resources in one area to be utilised in another.

It may be that the creation of a new South-East Asian Development Corporation may be the most effective means of transmitting these resources, and seeing at the same time they are effectively used. The idea of a South-East Asian Development Corporation is not new, at least so far as India is concerned. It is known that at least one prominent bank with branches in South-East Asia favours the early creation of some such machinery. The idea appears to have been held temporarily in suspense while India proceeds separately with her Industrial Development Corporation with the aid of the World Bank. But, of course, there is no necessary connection between the two institutions. India, which has not hitherto shown great leadership in South-East Asia, could well initiate discussions on problems such as these. A preliminary Conference in New Delhi to discuss payments and financial problems for the five countries which participated in the Colombo Conference can do nothing but good.

Connected with the problem of payments are the large questions of the structure of trade and the possibility of its expansion in terms of bilateral and multilateral agreements within the area. One of the great gaps at the present time is the lack of any machinery for constant economic consultation. If a Conference could be convened at Delhi to consider the possibilities of economic co-operation, the first item on the agenda might consider the appointment of a Standing Committee which could deal promptly and continuously with proposals for co-operation. The present diplomatic channels are not suited to the purpose. This is partly because these channels are heavily clogged already with routine work and political exchanges; these channels are also unsuitable because hardly one in five South-East Asian senior diplomats has the necessary equipment on the economic side.

It is quite clear that the planning of economic co-operation on a substantial scale will require some considerable administrative adjustment in every one of the countries concerned. None of the countries is adequately equipped with staff to accomplish an ambitious programme at present. But this is all the more reason why a spacious training scheme should be set in hand at once. India has more facilities than any other country in the area for providing this training. It should be our privilege, as well as our opportunity, to share the best we have with out partners in this new Asian adventure.

Dien Bien Phu

THE fall on May 7 of Dien Bien Phu after non-stop fighting for over twenty hours must be reckoned a major landmark in the story of Indo-Chinese hostilities. To France this has been a grievous blow, and not only because France today sticks so tenaciously to prestige considerations. The emotional force of this blow was shown by the manner in which M. Laniel, the French Prime Minister, gave the news to the National Assembly in Paris. To those unaware of the hopes that Dien Bien Phu resistance had raised, the disproportion given to this single loss may appear difficult to explain. It is necessary, however, to see the great reverse the French armies have sustained in more general perspective. There is not merely the issue of the French armies; there is the question of the extent that the fall of Dien Bien Phu has represented a permanent loss to the whole Free World.

In military terms the loss should not be overestimated. Gen. Navarre has certainly suffered a serious military reverse particularly in terms of the strategy employed. The French General Staff chose, unwisely it would seem, last autumn to follow an offensive path by driving fortresses and holding them in Viet-Minh territory. The theory behind this forward action strategy was that the fortresses would attract the major Viet-Minh attacking force, thus reducing the pressure on Viet-Nam areas. Thus was this strategic function allocated to Dien Bien Phu. It is only in this strategic sense that Gen. Navarre could claim that Dien Bien Phu had fulfilled its mission. But one wonders whether the strategic value of this mission was worth an estimated loss of 10,000 French paratroopers, legionaires and Viet-Nam picked soldiers. Sixty days is all too short a breathing space to compensate for this serious loss.

It would appear, therefore, that if Dien Bien Phu has given the French any dividends, it is in terms of the attention which it has attracted over the whole Free World. It is all too true, as M. Laniel claimed, that the French Union armies have for seven years protected one of the outposts of the Free World and, in discharging this responsibility, France has truly acted in the interest of the whole Free World. It is, indeed, the dramatic loss of Dien Bien Phu and the grand display of the courage of its defenders that has awakened the conscience of the Free World. It may well be that when the full story is written, this wider recognition by the Free World of its great stake on Indo-China will be the only justification for a military decision certainly mistaken when considered in military terms alone.

The question remains why in a seven years' war of many vicissitudes Dien Bien Phu should have assumed such great significance to the entire Free World—or, indeed, the whole world, since the Communists too regarded the outcome as highly important. The strategic aspect provides only part of the answer. The French recaptured it last November and fortified the garrison to prevent a repetition of the aggression against Laos. That objective has succeeded for the present in spite of the fall of the French garrison. The Viet-Minh has been held by this diversionary action also from launching an attack against the Red River delta before the onset of the monsoon. These original strategic purposes of the fortification have not been now lost. But it was evident that even during the progress of the 55-day siege, the political significance of the battle of Dien Bien Phu was undergoing a rapid change because of the decision at Berlin to hold the Conference at Geneva on Indo-China.

If the French could have succeeded, the initiative in negotiation at Geneva would largely have been theirs. That was mainly responsible even for some exaggeration by the French of the importance of the outcome at Dien Bien Phu. That exaggeration was certainly out of proportion since it is now evident after the fall of Dien Bien Phu that the French military position has not by any means been seriously impaired, though it is badly shaken by the loss of men and morale. But in political terms, even more than in terms of military strategy, there was an element of miscalculation in over-estimating the importance of a French success at Dien Bien Phu. For the Viet-Minh, it has been a Pyrrhic victory, in spite of the enormous assistance secured from China and they cannot fail to have an appreciation of the odds that will be ranged against them if "united action" by the Free World should in future help the French to give battle in that heroic manner. For the French, the defeat will only be regarded as a turning-point in the long Indo-China war, which would bring a new approach or determination to see their problem through. In France, Dien Bien Phu has recalled memories of the battle of Verdun, just as the British have come to view it as Dunkirk and the Americans as Bataan.

For the present those who have a stake in South-East Asia cannot afford to be niggardly in praise of the men who fought so desperately at this point of no retreat on the Free World line. The tribute to French army should not be grudging merely because Colonialism is held in such poor esteem and because the military action has ended in disaster. Every weakening of the non-Communist world around us gives us cause for greater concern for ourselves. In this sense, it was not only France which was defeated in Dien Bien Phu. It was the whole of South-East Asia.

South-East Asia, like the Powers now negotiating in Geneva, must face the consequences of this setback to her outward defences. There is no need, however, for panic here or elsewhere. President Eisenhower told a Press conference on May 12 that the Free World ought not to write off Indo-China. In view of the confused counsels almost everywhere there was need of a word of assurance. But surely the Free World is entitled to expect from Geneva or from Washington some further details to indicate the grounds on which President Eisenhower's optimism is based.

The only ground for this optimism must be the belief that the Communists will accept a reasonable settlement for a "Cease-fire" and that the Viet-Minh advance will not proceed far enough to induce Mr. Dulles again to threaten further retaliatory action. The indications from Geneva cannot all be described as reassuring. The demand from the Viet-Minh side that there should be representatives of resistance groups seems a large initial obstacle. If a "Cease-fire" is on its way, one can only say that its coming has not been made any easier by the terms advanced on both sides. The situation in Indo-China is full of dangerous possibilities.

The Bank Award

THE dispute over scales of pay and allowances in the banking industry, on which the final word was expected to be said in the Labour Appellate Tribunal's award published last week, is as good an illustration of the effects of industrial arbitration as any that we are likely to have. It is now almost exactly five years ago that the Government of India published the Industrial Disputes (Banking and Insurance Companies) Ordinance 1949, which brought the dispute in this industry within the scope of the Industrial Disputes Act. Since then, the dispute, so-called, has been kept alive in some form or another, because of an astonishing combination of circumstances. Inadequate appreciation on the part of the Central Government of the exact legal position, varying ideas as to what are fair rates of pay for white collar workers, differing interpretations of existing law on the point whether a bonus is permissible, and the general growth of litigiousness have all in turn contributed to this result. Even now, after five years and more, there is reason to wonder whether there are not loose ends to be tied up still. The question of the bonus, for example, still remains to be adjudicated upon; and there is no guarantee that this will not keep uncertainty alive. The time that has been spent on this dispute should indicate, even if this is an extreme example, the exhausting nature of the procedure that is necessary for collective bargaining and arbitration.

If the procedure is cumbersome, there is no compensation at the same time in the shape of even a reasonable assurance that this complex procedure provides for a full consideration of all the issues that are relevant. Different views will no doubt be held as to the merits of the final results as they have now emerged; and this is inevitable because different interests are involved. But from the point of view of those who are not themselves the parties, it is astonishing on what narrow grounds the questions have been decided. In the nature of things, because the arrangements in this case left little room at any stage for conciliation, a legalistic rather than a realistic view has been taken on many matters.

Minimum wage rates have first been arrived at. From this it follows that a uniform running scale, which would protect the rights of existing employees, is to be preferred to other scales which could provide, if not the wages which the Tribunal deemed as fair, at least greater employment, and, perhaps, the chance of swifter promotion. Bonuses seem to be permissible —as the law has been interpreted. From this, however, the conclusion can easily be derived that fair bonuses should be awarded; and, as a next step, in order to establish what is fair, the demand that secret reserves should be investigated seems also to be reasonable. In other words, once this dispute is looked upon as a matter between the employers and the employees, and once other wider considerations, like the interests of the depositors, for example, are forgotten, the likely consequences of prescribing so much in such detail and rigidity can easily be ignored. These consequences, however, are not unimportant, and the Chairman's speech at the recent annual general meeting of the United Commercial Bank merely gave precision and point to a complaint that is often made.

One consequence, apart from the fact that bank profits will decline, is that the number of banking offices in India may decline even more rapidly in the future than it has declined in the past. The process will be accelerated; but it does not follow that with a diminution in the branches, the banking system gets strengthened. The scales of pay in Area III under the new award are such that the expenses of opening an office, or in the case of many banks even of maintaining one, are bound to make any attempt to extend banking operations even more unattractive.

A partial solution of this difficulty would have been to exempt employees of offices at places with population not in excess of a prescribed limit. An opportunity to grant this exemption was provided to the Appellate Tribunal, for the Government of India became itself a party to the dispute in the appeal, for the purpose of pleading for this exemption. The Tribunal had no insuperable difficulty to overcome in acceding to the suggestion of the Central Government, supported as it was by the Rural Banking Enquiry Committee and the Reserve Bank. It could have granted permanent or temporary relief—as in the case of 'D' class banks and the United Bank of India, scaling down the population limit, if necessary. Instead, the Tribunal has chosen to maintain the position and to make commercial banking in the semi-urban and rural areas hazardous and uncertain.

The award is also inconsistent with the aim of building up a minimum reserve fund. This will be inevitable if the disposition of profits cannot be free, as it has been so far and as it should be; and if profits cannot be allocated as needed, the increase in the open reserves is bound to be reduced and delayed. But the mischief would hardly stop there. It is widely recognised that conservative institutions like banks have what is virtually prescriptive right to secret reserves, which are expected to be called up in an emergency but not till then. A reduction in profits is bound to reduce the size of these secret, as of other reserves. The requirement that these secret reserves should be discussed in public, if this is pressed by labour unions, will do even more harm. This will substitute hard bargaining between labour and managements for prudence and good judgment as now—in order to decide how strong in appearance and reality any banking institution really should be. If things turn out this way, if labour's interests, or what seem to be labour's interests, are intended to be protected at the expense of the bank itself, as a corporate entity and as an institution on which depositors have claims, then, needless to say, the many petty disputes to which this is bound to lead will be the reductio ad absurdum of collective bargaining.

The extraordinary fact that wider considerations like these, which are relevant and ought to be taken into consideration, have in fact been ignored during the past five years, during which the dispute has been kept alive, is at first a little difficult to understand. This can be explained only by one major reason. The procedure according to which this dispute was to be resolved left little choice in the matter of choosing as between conciliation and collective bargaining and arbitration.

Conciliation might have turned out differently. It might have enabled other points of view to get at least some hearing. It would in any case have produced an agreement to which managements could have been reconciled; and at least psychologically, conciliation machinery, if it had been possible to use it, might have reduced the burden, or avoided or solved reasonably the really ticklish issues. It is unfortunate that for five years, no attempt has been made to seek a solution of this dispute that will be universally satisfactory on the basis of goodwill and understanding.

One may ask whether this Appellate Tribunal could not have foreseen some of the consequences of its limited and academic calculations. It is verdicts such as these which will determine the failure of the Plan. The Government of India must make up its mind whether it wants social justice in the abstract or a real increase in living standards and employment which is the purpose of its Five-Year Plan. At the present time, there is confusion growing more confounded.

THE WEEK'S NOTES

MARRIAGE LAW AND THE SECOND CHAMBER

The passage of the Special Marriage Bill in the Council of States last week forcefully illustrated the anomalous situations that may arise when legislation is introduced first in the Upper Chamber. The raison d'etre of a bicameral system of legislature is the provision of opportunities through a second or upper chamber for revision of legislation by maturer men and women, working in a more dispassionate atmosphere than what is possible in the larger popularly elected assemblies. In its present composition, the Council may not give the appearance of ripe and mellow wisdom predominating over immaturity. For the Council to act as a revising chamber, the Bills must always originate in the Lower House; that position being ruled out because of the desire to plaee both Houses on an equal footing, the Lower House will now have to undertake the functions usually associated with the Upper. There will be many to feel happy because the distinctions between the two have been blurred; but then, an important part of the case for second chambers may be undermined.

There were two unexpected developments over the Special Marriage Bill which are unlikely to pass without controversy. The first was the decision by a narrow majority to raise the age of the parties to marriages under the Act to 21, though at present all persons above 18, who are eligible to marry, have to obtain the consent of their guardians if they are below 21. There has been a confusion here between what is regarded by some as a more desirable age of marriage on the one hand, and the necessity or expediency on the other, of absolute prohibition of any marriage at all before that age. The second instance of unexpected enthusiasm was the decision to provide divorce by mutual consent, making the Indian law as revolutionary in its attitude to divorce as the most progressive. There is nothing particularly odd about this radical outlook. Indian women have now acquired a status which is in many respect equal to if not in advance of the progressive countries. Equal pay for equal work has been accepted here as a matter of course while it has raised serious controversies even in the U.K. But yet, divorce by mutual consent seems to be widely regarded as carrying reform too far, at any rate as too much in one instalment, and it is significant that active women social reformers have been the first to feel disturbed by the move. It may be that eventually divorce by consent may prove more in keeping with the tradition of the country because it avoids the publicity of sensational trials and recourse to purveyors of commercialised services to prove adultery in cases where both the parties find it necessary to separate. But the question is one which deserves more patient consideration. There is no need to exhaust all desirable reforms in one measure, and no harm will be done if ardent reformers in future are left with scope for their talents in effecting piecemeal reform.

ATOMIC ENERGY DEBATE

Mr. Nehru's remarks in the debate on Atomic Energy in the House of the People on President Eisenhower's proposals appeared to be in mixed vein. After describing President Eisenhower's speech to the United Nations as "a fine speech, with generous sentiments and with a proposal which deserves our attention," Mr. Nehru went on to say that "the proposal was a vague proposal; it is a vague indication of which way one should look, not exactly a specific proposal." A similar criticism of the Eisenhower Plan came last week from Mr. Bernard Baruch, the author of the famous plan for control of atomic energy, who declared that the plan for an international stockpile of nuclear fuel for peace-time purposes cannot slacken the atomic arms race. Without international supervision, there would be no guarantee that atomic weapons have been abjured as a result of a declaration outlawing them. "Nobody is going to be controlled" said Mr. Nehru, "until he is quite certain that the other is controlled; and nobody is going to be certain till there is much more confidence in each other than there is at present."

The difficulties that remain to be solved even in respect of international control of peace-time uses of atomic energy formed the main theme of the Prime Minister's speech. Since India is looking forward to making extensive peaceful use of atomic energy to overcome the shortage of power resources the possibility of outside control restricting development has been a real sign of danger. But it is inconceivable that any plan of control which involves the surrender of national sovereignty to a large extent would ever succeed unless safeguards are provided to assure the participating countries that the means of redress are available. Humanity now fears the military use of atomic power more than anything else and it is doubtful whether close control of peace-time uses alone will be hailed as a great boon. There is a proposal to set up a reactor in India with the modest resources available for outlay. The experience of the U.K. will be watched with interest and the Cumberland project is expected to be completed in three years. These modest schemes have not much to do with the more controversial questions of international control which depend on the state of international relations.

AGREEMENT ON ABDUCTED PERSONS

The Indo-Pakistan Conference on recovery of abducted persons has now faced the issue of the possibility of abducted persons recovered hereafter finding their existing status often superior to the one they may get if returned to the country to which they are regarded as belonging. Under the Agreement, there will first be a joint fact-finding commission to ascertain the extent of outstanding work and to advise the governments on measures to be adopted for the speedy conclusion of recovery work. It is proposed to punish abductors after the expiry of a specified period of amnesty—tentatively assumed to extend to six months. The Pakistan Government has agreed to bring its definition of "abducted persons" in line with that of the Indian Act. Fuller access will be given to the relations of the abducted persons to trace them and all recovered persons have to go before a tribunal to state whether he or she wishes to be restored. A period of quarantine is provided for persons not wishing to go back, during which their relations may meet them; opportunities will also be given to such persons to visit relations temporarily and to see the conditions in the recovering country.

These procedures require the setting up of special homes for stay and care. Even when all the opportunities for changing the attitude of the unwilling persons are exhausted and such persons reiterate their decision not to go back, the case has to be referred to the Central Government in either country, who may give instructions on further steps necessary before finally disposing of the case. But in practice many of these formalities may not be necessary as the passage of time would greatly alter the attitudes of the recovered persons as well as those of their relations. In any case, the fact of an agreement between the two countries is more important than the details.

MR. ST. LAURENT:..ASIA'S INTERPRETER

Among the many distinguished Western statesmen who have visited India in recent years, few have been able to leave as deep an impression of their sincerity and understanding of this country as the Canadian Prime Minister, Louis St. Laurent. Most Indians who me him saw in him a wise and mature statesman whose greatness was enhanced by his unassuming nature. Mr. St. Laurent seemed to personify the type of leadership which many Asians would like to see more in the West. These impressions will now be strengthened by the interpretations which the Canadian Prime Minister has given of Asian political currents. Speaking at the annual meeting of the Canadian Press, Toronto, on April 28, Mr. St. Laurent began by declaring that it was not reasonable to expect the peoples of Asia to see the importance of the cold war from the same angle as the people of the Western world. He proceeded to emphasise his view that "no long-term solution of Asian relations with the West will be possible which does not carry with it full recognition of the common human brotherhood of all men in all countries."

This fundamental principle seems often to be in jeopardy in Western policy. The attempts to exclude participation of Asian countries in settlements of Asian problems, the pursuit of colonial and racial policies in Asia and Africa and the handicaps imposed on Asian countries proud of their independence—the latest being the distorted view on India's position in the Japanese War Crimes Tribunal—would only be interpreted by Asian opinion as so many attempts to perpetuate Western dominance. Mr. St. Laurent provided the perfect parallel in history when he said: "And I do not think we in Canada have any more right today to urge India to change its policy than we had in June 1940, when the Western world was crashing about our ears to urge the United States to change its policy. We hoped for a change and we expected that ultimately there would be a change, but we felt it would not help to try to tell the people of the United States that we knew better than they did what they should do in their own best interests." No policy which seeks merely to discredit or divide the Asian leaders who disagree with the West can have prospects of ultimate success, however attractive it may seem in the short-term.

GRASSROOTS PLANNING

The Planning Commission's circular to State Governments to the effect that the pyramid of the second Five-Year Plan must have the district as the base is a recognition of the fact that large-scale public co-operation cannot be secured on any other basis. It is not always that this awareness is found in the Central Government or the Commission. The National Plan Bonds—which started with a bias against the common man because of the size of the minimum subscription and deduction of income tax at source at maximum rates—was one such lapse, which has now been rectified by tax-free certificates for Rs. 25 and Rs. 50, issued this week. The plans proposed at district levels may in future prove capable of being financed locally because of the intimate interest in the results. Naturally, the all-India projects for communications, irrigation, power or industry could also be related to a district or a group of districts. The problem, in the main, would be to discover—consistently with these all-India projects and the resources to be discovered for them from all sources—sufficient local projects to provide enthusiasm in other areas not benefited already.

The scheme, however, can easily be stretched to the point of absurdity if it leads to a competitive inter-district scramble for funds on wild schemes—a tendency which even the more responsible State Governments have yet to curb. The extension of the community projects schemes would in due course cover much of the country and the latest circular has not added much to the stock of ideas about planning at the family and village levels. To assume that by such an exhaustive structure of planning from the family upwards the problem would be solved is to ignore social dynamics. The decisions of the men in the village, tehsil or district will be profoundly changed by the overall effects of planning—such as inflation, the opportunities for diversified employment through larger or lesser industrialisation and so on. Planning merely in physical terms to cover area or population would tend to ignore these other influences which would all the time be changing the decisions and preferences of the individuals making up the community. It may be dramatic to talk of the district level, but it would be wrong to give the impression that the Plan would be the sum total of the district, State and Union projects and could be worked as such.

Plant for manufacture of paper cones and tubes:

It is understood that the well-known manufacturers of paper tubes and cones, the Textile Paper Tube Co., Ltd. of Romiley, England, have in conjunction with Messrs. A. & F. Harvey Ltd., Madurai, made arrangements for the manufacture of their paper cones, tubes and other specialities in India. The Indian Textile Paper Tube Co., Ltd., as the new company will be called, will have its factory at Punalur (Travancore-Cochin) and will commence production within the next 12 months.

Recognized throughout the financial world



SYMBOL OF A COMPLETE BANKING SERVICE

Nearly 1700 Offices in England and Wales with Branches in India, Pakistan, Burma and Agents and Correspondents throughout the world.

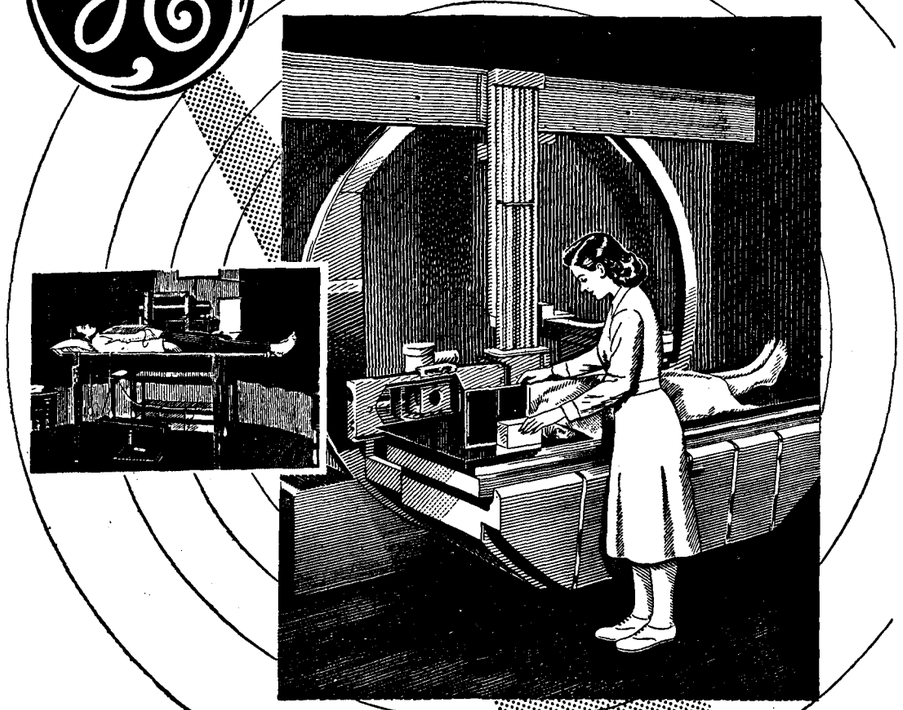
Let LLOYDS BANK look after *your* interests

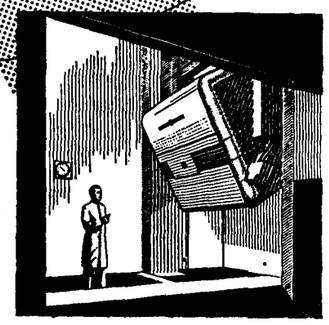
1677

Lloyds Bank Limited • Incorporated in England

LB/G/55-1954

RAYS THAT CURE





In 1896, just a year after Roentgen discovered X-ray radiation, General Electric introduced to the public the X-ray tube with automatic vacuum attachments. In 1913, when G. E. Research Scientist, Dr. W. D. Coolidge, devised the hot cathode tube, X-ray technique metamorphosed from an uncertain art into an exact science. Since then hundreds of developments have enabled General Electric to produce today various types of X-ray equipment for radiography, therapy and physical research.

A midget 60-KV Coolidge tube for dental radiography ... a 70-mev synchrotron for cancer therapy ... a 100-mev betatron or a 300-mev synchrotron for physical research ... following these typical products of General Electric research the latest is the Imperial Table rightly described as the radiologist's dream.

Over 3,000 G. E. X-ray equipments are functioning throughout India today, offering the results of G. E. research to the relief of the sick and infirm.

You Can Put Your Confidence In

GENERAL ELECTRIC U.S.A.

A-54-1

INTERNATIONAL GENERAL ELECTRIC COMPANY (INDIA) LIMITED

BOMBAY CALCUTTA BANGALORE NEW DELHI LUCKNOW AHMEDABAD MADRAS

Chandigarh

The robust Punjabi peasant makes a fine soldier, but also loves to sing hauntingly romantic songs. His villages are set amongst ripening corn fields, his cattle sturdy, his traditions strong.

Chandigarh, the beautiful new capital of East Punjab, combines the artistic with the modern in her buildings. Motorists of Chandigarh are as up-to-date as their new city, and make a point of stopping at the sign of the Flying Red Horse, to fill up with Triple-Action Mobiloil.



Like motorists throughout the world, they know that Triple-Action Mobiloil Saves on Wear... Saves on Repairs ... Saves on Gasoline... and that

Mobilgas with S-54

is the best gasoline from any pump

Mobiloil



STANDARD-VACUUM OIL COMPANY

(The Liability of the Members of the Company is Limited)

V.9230

WORLDGRAM

TRADE

British-Chinese Deal Signed: A group of forty-eight British business men recently announced that they had signed contracts with the Chinese for delivery of $11,250,000 worth of goods. This British negotiation with the Chinese represents a new attempt to fulfil the goal set in the Chinese-British talks in Peking last June for an exchange of $42,000,000 worth of items in each direction. As a result of the embargo on the sale of strategic goods to Communist China, the British Board of Trade allowed only 60 per cent of the original contracts signed in Paking to be fulfilled.

* * * * * * *

Spanish Potatoes for Britain: The first early potatoes to be exported to Britain from the Spanish mainland since 1939 were shipped last week. They were, previous to export, washed as a precaution against the Colorado beetle. Shipments of early Spanish potatoes to the British market during recent years have been confined to those from the Balearic islands, which were judged not to be affected by disease.

* * * * * * *

Disposal of U.S. Surplus Food: Plans are being prepared to dispose of surplus food held by the Government; emphasis will be laid on disposal through foreign markets. Negotiations are under way with private exporters to sell about 40 million pounds of Government owned surplus butter to Britain at world price. Because of the derationing of butter in United Kingdom, private exporters and importers in United States had been exploring sales of butter surpluses. If the sales go through satisfactorily, then it might open the door to more sales of the 350 million pounds of Government surplus butter to other friendly countries. Feelers had been received in the United States from the Soviet Union and East European countries seeking to purchase some of the department's supplies of surplus commodities, including diary products.

* * * * * * *

Changes in U.K. Export Licensing Control Order: Changes in export licensing control order made by the U.K. Board of Trade which came into force on May 3, include the lifting of the control on the quantity of rubber which may be exported from the United Kingdom to the Soviet Bloc countries. This relaxation does not apply to exports to China. Licences are not now required, except for exports to China, Hong Kong, Macao and Tibet for certain waxes, spent oxide, aluminium steel-cored wire, specified ferro-alloys, certain metals and alloys in various forms, metal drums and barrels, certain wire and strips of copper or copper alloys, chucks, expanding arbors and collets, rolls for rolling mills, paper-insulated cable, certain wood and timber, certain animal hair, certain undressed hides and skins, agar, calcium solicide, tars other than crude coal tars, certain manufactures of platinum, natural rubber, rubber latex and certain dyestuffs.

INDUSTRY

Middle East Oil Production: The Petroleum Information Bureau reports that during the first quarter of 1954, output of crude oil in the Middle East was 31,700,000 tons. This compared with 28,100,000 tons for the first quarter of last year. So far this year the largest producer has been Saudi Arabia with 11,500,000 tons, closely followed by Kuwait (10,800,000 metric tons). Kuwait achieved a record of 4,300,000 tons during March—the highest ever achieved by any Middle East country in one month. Output in Iraq for the first three months of 1954 was just over seven million tons, and in Qatar over 1,100,000 tons.

* * * * * * *

Britain's Coal Compensation Progress: Up till recently the total compensation in respect of interests transferred to the National Coal Board under the Coal Nationalization Act, 1946, was estimated as likely to amount to between £275 million and £300 million. Of this sum about £237.5 million had been satisfied by December 31, 1953. The Public Accounts Committee at last Session were informed that the U.K. Ministry of Fuel and Power were concentrating their efforts on completing the valuations by 1954.

FINANCE

$135 Million Rise in Gold and Dollar Reserves of Sterling Area: The gold and dollar reserves of the Sterling Area rose by $135,000,000 during April and stood at $2,820,000,000 on the 30th of the month. Defence aid from the United States during the month amounted to $9,000,000 and $7,000,000 was received in gold or dollars from the European Payments Union. On provisional figures for the month, the United Kingdom had a surplus of £28,200,000 with the European Payments Union which will fall to be settled in May—50 per cent in gold or dollars, and 50 per cent by reduction of the debt to the Union. As the sterling resources of the Exchange Equalisation Account will shortly need to be increased, a further issue of £300,000,000 will be made to the account in the near future. In February, the gold and dollar reserves rose by $40,000,000, and at the end of the month they stood at $2,583,000,000. In March there was a rise of $102,000,000 to $2,685,000,000 at the close of the month.

* * * * * * *

Financial Assistance for Agricultural Operations: Between July 1, 1953, and March 5, 1954, the Reserve Bank of India sanctioned to the different State Co-operative Banks for seasonal agricultural operations and marketing of crops Rs. 14.95 crores, of which Rs. 10.19 crores were actually drawn till that date.

(Rupees in lakhs)

State	Amount Advanced
Madras	190.62
Bombay	439.36
Madhya Pradesh	20.95
Uttar Pradesh	48.65
Orissa	21.00
West Bengal	18.00
Punjab	15.21
Hyderabad	4.07
Saurashtra	1.70
TOTAL	1,019.27

* * * * * * *

Rapid Increase in Indian Insurance Business: It was recently reported in a Reserve Bank of India Bulletin that the amount of life business insurance in force in India had recorded a continuous expansion over the last 50 years, the maximum rate being withnessed during the later war years and in the post-war years. The total business in force in India of reporting Indian and foreign companies rose from Rs. 142 crores in 1929 to Rs. 272 crores in 1939 and to Rs. 916 crores in 1952. The new annual business also increased rapidly from Rs. 29 crores in 1929 to Rs. 47 crores in 1939 and to Rs. 146 crores in 1952.

* * * * * * *

National Plan Certificates Subscription Opens: The National Plan Certificate recently announced by the Government of India has opened for subscription at all Post Offices in India conducting savings bank business. The National Plan Certificate is a part of the National Plan Loan floated by the Government of India since April 19, and provides an opportunity for small investors for helping in national development. The Certificates are in denomination of Rs. 25 and Rs. 50. The minimum amount that can be subscribed is Rs. 25 which in 10 years' time will fetch Rs. 36-4. The maximum individual subscription is up to Rs. 1,000 which will bring in Rs. 1,450 at the end

of 10 years. Two persons acting jointly can purchase up to Rs. 2,000. The redemption value works out at nearly 4½ per cent interest per annum income-tax free; the Certificates are encashable at any time after a period of one year from the date of subscription. Between April 19 to May 1; a total amount of Rs. 45½ crores had been subscribed. The loan will remain open until further notice.

* * * * * * *

More Development Grants for Handloom Industry: The Government of India have sanctioned a further grant of Rs. 75,610 to the Mysore State Government for the development of the handloom industry. This sum is to be utilised for rebates on sales of handloom cloth, for providing improved equipment, for publicity and propaganda, for the supply of standard reeds and for organisational expenses. Assam gets a further grant of Rs. 6,400 for opening handloom sales depots in the State. The total grants and loans sanctioned by the Government of India to 22 States in 1953-54 amounted to Rs. 2,96,55,976-8-0. Madras received the largest amount viz., Rs. 92,51,354 followed by Andhra and Uttar Pradesh who received Rs. 38,95,283 and Rs. 38,49,958 respectively. Bombay got Rs. 31,57,020. The other States which received grants and loans were; Mysore Rs. 6,21,900; Travancore-Cochin Rs. 9,73,000; Saurashtra Rs. 2,67,187-8-0; Orissa Rs. 6,66,206; Madhya Bharat Rs. 2,36,411; Tripura Rs. 79,385; Bihar Rs. 14,22,780; West Bengal Rs. 16,12,900; Madhya Pradesh Rs. 16,44,017; Assam Rs. 4,78,225; Manipur Rs. 38,400; Coorg Rs. 1,500; Bhopal Rs. 15,500; Hyderabad Rs. 13,39,300; Punjab Rs. 24,160; Ajmer Rs. 47,037; Pepsu Rs. 21,818; Delhi Rs. 12,575. Four States, Rajasthan, Himachal Pradesh, Vindhya Pradesh and Kutch did not receive any amount as they did not send any schemes in time. For the current financial year (1954-55), Government have made a budget provision of Rs. 5 crores of which Rs. 3 crores will be sanctioned as grants and Rs. 2 crores as loans.

TRANSPORT

Promoting Internal Tourist Traffic: The Government of India have for some time been taking steps to promote tourism within the country. To this end, it has now been decided to publish tourist literature, brochures and folders, also in Hindi. It is hoped that the publication of tourist literature in Hindi would create a greater awareness among the travel-minded public to places of historical and cultural importance and to the scenes of natural beauty. It has also been decided to publish tourist literature in French so as to reach the French-knowing people in Europe.

* * * * * * *

Pakistan Mission Seeks Co-operation for Railway Industry: A mission of three representatives of Pakistan recently left for Britain and the continent to seek the co-operation of railway industrialists in establishing a rolling-stock industry in Pakistan. Pakistan has spent nearly Rs. 146 million (£14,600,000) in purchases of railway carriages and rolling stock in the past five years. Of this sum, about Rs. 101 million (£10,100,000) were spent last year on 7,432 wagons. Pakistan also purchased 45 steel carriages from Japan.

* * * * * * *

Freight Rebates for Atlantic Shipping: Seven shipping lines have agreed to a 10 per cent rebate on rates for freight carried west-bound across the Atlantic as from June 1. They are the Agence Maritime Internationale, the Black Diamond Line, the Holland-Amerika line, the Hamburg-Amerika line, the North German Llyod, the South Atlantic Steamship line, and the United States lines. The rebate partly counteracts recently announced increases of 20 per cent on rates up to $15, 15 per cent on rates from $15 to $25, and 10 per cent on rates above $25.

MISCELLANEOUS

Decline in U.S. Unemployment: The weekly U.S. Government report on unemployment insurance claims indicates that the employment situation in the United States had improved slightly, as is usual in March. The volume of idle workers who have unemployment compensation insurance declined for the second successive week, to 2,187,100 for the week ended March 13. The peak for this year so far was on February 27, with 2,213,959 counted as unemployed.

* * * * * * *

Czechoslovakia's First Five-Year Plan: The results published of Czechoslovakia's first Five-Year Plan, which ended in 1953, show how the country's position as a highly industrialised country has been strengthened. Industrial production increased 102 per cent over the 1948 level, 4 per cent more than called for by the Plan as amended in 1951, and 45 per cent more than provided in the Plan as originally drawn up. In 1953, it was 219 per cent of the 1937 level, and accounted for 70 per cent of the national income, as compared with 56 per cent in 1948. At the same time, personal consumption increased by 20 per cent and productivity of labour increased by 60 per cent. The socialist sector now plays a dominant role in all branches of the economy except agriculture, accounting for 92 per cent of the national income as compared with 61 per cent in 1948. Production of textiles increased 39 per cent, readymade clothes 100 per cent, leather goods 19 per cent, and glass 21 per cent. The industry lagged behind in the production of agricultural machinery and small parts. Production of electricity increased from 4,100 million kwh to 12,400 kwh; the production of coal and lignite from 34.7 million tons to 54.7 million tons, and steel from 2.3 million tons to 4.4 million tons annually. In the chemical industry, production reached almost 2.5 times the 1948 level, and manufacture of many synthetic materials and of important drugs such as penicillin was begun. Co-operatives and State farms now cultivate 44 per cent of the arable land as compared with 3 per cent in 1948. In comparison with 1948, the amount of grain harvested increased 5 per cent, oil-giving plants 79 per cent, potatoes 30 per cent, sugar-beet 27 per cent, tobacco 53 per cent and fruit 13 per cent. Livestock production now accounts for 40 per cent of gross production in agriculture. In 1953, 6,680,000 hectares were cultivated by machine and tractor stations compared with 753,000 in 1949.

* * * * * * *

Power for Pakistan from Bhakra-Nangal: The Union Deputy Minister of Irrigation and Power stated recently that a long-term agreement was being contemplated between India and Pakistan for the supply of energy to Pakistan from the Bhakra-Nangal Project. Pakistan hoped to make a demand of 10,000 k.w. and the rate at which it would be supplied had not been fixed.

* * * * * * *

Indian Population in Indo-China: On December 19, 1946, just before the outbreak of hostilities in Indo-China, the Indian population was estimated at about a thousand (1000). The present figure is estimated to be about 2,500. Apart from facilities for small remittances to cover maintenance of dependents in India, education of children, travel expenses, etc., the following facilities are enjoyed by Indians: (1) Non-resident Indians are allowed to transfer their entire profits. (2) Resident Indians can remit up to 50 per cent of their profits when they visit India, and (3) On leaving Indo-China, permanently, Indians can transfer equivalent of three million French Francs or roughly Rs. 40,816.

* * * * * * *

British Agricultural Production Achievement: In Britain agriculture and industry are partners in a production achievement which is without parallel in modern times. Farm output over the last few years has increased by a greater margin than for any other basic industry, and with it has come a tremendous expansion in the agricultural engineering industry. Since 1939 there has been an eight-fold increase in the number of tractors in use on farms in Britain, and many important techniques affecting world mechanisation have been pioneered.

NEWS IN BRIEF

INDIAN

A sum of Rs. 75 lakhs has so far been advanced as loan to the Punjab Government for the construction of the capital at Chandigarh. The amount to be given in 1954-55 has not yet been decided. The request for a loan of Rs. 168 lakhs for the Capital Project in 1954-55 is still under consideration.

* * * * * * *

Twenty-nine railway stations were opened in India during 1953-54. In the same year, 25 flag stations and 12 halt stations were also opened. In 1952-53, 35 ordinary stations, 15 flag stations and 7 halt stations were opened.

* * * * * * *

Canada will supply India 50 W.G. boilers and 120 W.P. locomotives under the Colombo Plan. The approximate cost of these boilers and locomotives is Rs. 8,44,00,000. A railway officer is now in Canada in connection with the inspection of locomotive boilers.

* * * * * * *

More than 100 delegates from all over India are expected to attend the Community Development Project Conference to be held from May 27 to 31, at the palace of the Maharaja of Jodhpur at Ootacamund.

* * * * * * *

The Union Ministry of Food and Agriculture has arranged to run double shift at the veterinary colleges at Hyderabad and Hissar, and to increase the number of admissions in the Mathura College. These additional facilities will enable an extra 180 students to be trained as qualified veterinarians.

* * * * * * *

A delegation of Industrialists and Agriculturists is shortly expected to visit the Soviet Union at the invitation of the Soviet Government. The delegation will study the Soviet market and make a comparative assessment of the prices and quality of Soviet export commodities.

* * * * * * *

The fourth World Forestry Conference is expected to be held at Dehra Dun from December 11 to 22 this year, when delegates from all Commonwealth countries as well as from other countries are expected to participate.

* * * * * * *

The Tobacco Export Advisory Sub-Committee has recommended a publicity drive abroad for Indian tobacco through Indian Missions. The Committee has urged the Central Government to send tobacco trade delegations abroad and has welcomed the recent reduction in excise duty announced by the Government.

* * * * * * *

The Government of India have decided to allow the export of conduit pipes and accessories during 1954, by manufacturers and/or their accredited agents up to 20 per cent of their production during 1953.

* * * * * * *

The latest figures for India's foreign trade show a big increase in the imports of raw wool and wool tops from 9.7 million lbs in 1952 to 13.8 million lbs in 1953. India's yarn and knitting wool imports rose from 925,000 lbs in 1952 to 1,876,000 lbs in 1953.

* * * * * * *

It was recently stated in Parliament that the revised estimate for the Chambal project would be Rs. 52 crores instead of Rs. 34 crores. A unified sheme is expected to be prepared from estimates and plans submitted by the Rajasthan and Madhya Bharat Governments for the Planning Commission.

FOREIGN

Mr. Joseph Nagbe Toba of Liberia was recently elected President of the World Health Assembly. Dr. Youseef Dauji of Lebanon, Sir Claude Corea of Ceylon, and Dr. Felix Furtado of Cuba were elected vice-Presidents. Dr. M. Jafar of Pakistan was chosen to head the committee in charge of administrative, finance and legal matters.

* * * * * * * *

The International Bank of Reconstruction and Development reported a net income of $15,006,406 for the nine months ended March 31, 1954, compared with $12,947,735 in the corresponding period in 1953. Twenty-two loans totalling $275,482,000 were made among others to Australia, Brazil, Chile, Colombia, Italy, Japan, South Africa and Turkey.

* * * * * * *

The inter-governmental committee for European immigration, on which 24 nations are represented, has made considerable progress. The committee aims, during 1954, the immigration of 118,000 Europeans, out of which 39,858 have already been moved.

* * * * * * *

Britain had fewer unemployed in April 1954, than in any April since 1951. The total—316,600—was 1.5 per cent of those in work and 26,300 below the March figure. This improvement is spread over the main groups of industries, but was greatest in building, contracting, hotels and catering.

* * * * * * *

The first of the five 70-seat Super-Constellation airliners, ordered by Air India International for its U.K.-India and Far East Services, is reported to be on its way from the U.S.A. The aircraft will go to Amsterdam for certain fittings and will be delivered in the course of the year.

* * * * * * *

Dr. Lee R. Martin, recently appointed Adviser on Agricultural Economics to the Pakistan Planning Board, belongs to the first group of experts recruited by the Ford Foundation on behalf of the Pakistan Government. Four members of the first group have arrived in Pakistan while others are expected shortly.

* * * * * * *

On the basis of a study of 30 countries, it is reported by the W.H.O. that there has been an uninterrupted decline in infant mortality over the last 50 years. The decline has been greatest in countries having the lowest rates at the turn of the century.

* * * * * * *

The Foreign Ministers of Denmark, Norway, Sweden and Iceland who met recently at Copenhagen, announced that they were not prepared to recognise the East German Government. They agreed, however, to work for an increase in trade between Eastern and Western Europe.

* * * * * * *

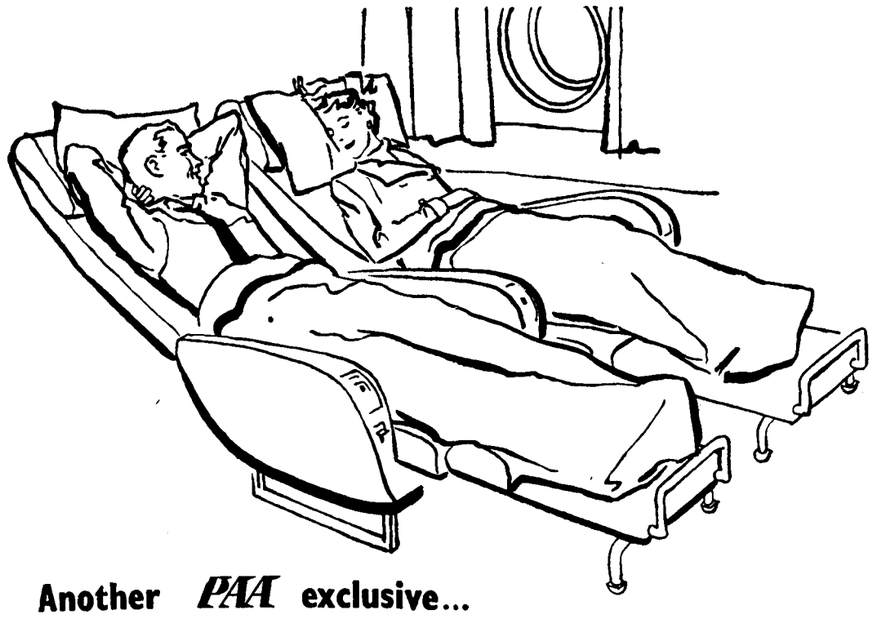
It is stated that the allocation of U.S. assistance to India for 1953-54 (July 1, 1953 to June 30, 1954) was $82.8 million and agreements covering an amount of $80.9 million have been signed up to date.

* * * * * * *

In Yugoslavia, out of the 600 million dinars earmarked by the federal budget for the development of tourism in 1954, 550 million dinars will be used for the construction of holiday resorts, Alpine chalets, equipment for children's rest houses and similar institutions.

* * * * * * *

At the end of the first quarter of 1954, the number of unemployed men in the Netherlands (including Government employees on relief works) was 86,797. At the end of 1953 this number was 111,612. For 1,000 male working population the number of unemployed at the end of the first quarter of 1954 was 27, as compared with 36 at the end of 1953.



Another *PAA* exclusive...

THE *Sleeperette** SERVICE

An innovation in air travel comfort

Pan American's Sleeperette Service is the ultimate in air travel comfort—meets the needs of overseas flights as never before. Pan American will shortly extend the Sleeperette Service on all flights serving India.

Your Sleeperette lounge chair has double the usual leg room . . . at the touch of a button it extends to full bed-length. You are supported restfully from head to foot while you relax in confidence, and enjoy a good night's sleep aboard the world's most experienced airline. And remember, the Sleeperette *costs you no more!*

Only Pan American offers you Sleeperette comfort.

- **The Sleeperette lounge chairs are scientifically engineered for your comfort.**
- **Foam-rubber cushions give your body curves restful support.**
- **Adjustable leg-rest suits your size.**
- **Costs you nothing extra.**

Let your Travel Agent arrange your trip—his services are free! Or call Pan American in

Calcutta: 42, Chowringhee Tel. Pk. 2078, 2079 **New Delhi:** Imperial Hotel Tel. 48172, 48717
Bombay: Taj Mahal Hotel Tel. 35304 **Madras:** Connemara Hotel Tel. 85647
Karachi: Victoria Road Tel. 6081

Sleeperette is exclusive with

World's Most Experienced Airline

PAA
PAN AMERICAN

PAA 12

*Trade-Mark, Pan American World Airways, Inc.

A Window On The World

YOUR VOTES CONTROL PRODUCTION

By

ODYSSEUS

REVISION OF THE L.B.W. RULE, and suggestions for changes in the number of balls bowled in an over, are among the many recommendations perennially debated for the improvement of cricket. These proposals convey no meaning to Americans (and millions of other unfortunate lesser breeds without the cricket law). But there is at least one thing in favour of the American attitude towards cricket—they know that they don't understand how the game should be played and they sensibly refrain from joining in the heated arguments that rage among the fans.

Now, the only difference that, in this respect, I can see between cricket and Capitalism is that whereas someone who had not studied the game would never dream of writing a letter to the "Hindustan Times" criticising the Indian Selection Board's choice of team to face the M.C.C., everybody is ready to write columns for or against the Capitalist system, when it is clear from what they say that they have never studied the way that it works.

This was brought out as never before in all countries when rationing and price control were imposed during the war and stayed put permanently in many countries because people thought that the problem of what was called "post-war shortages" and "bottlenecks in production" could not be solved without them. Which was about as relevant as saying that the L.B.W. rule will not work as long as the bowler persists in sending down wides.

Before we can begin to criticise Capitalism or Socialism and suggest improvements, we must at least remind ourselves of the rules of their games.

CAPITALISM, SOCIALISM, IN A NUTSHELL

Professor D. M. Wright illustrates the fundamental opposition between the attitudes of the Capitalist and the Socialist towards the community by pointing out that the Capitalist gives a man the goods and services that he wants, whereas the Socialist gives a man what somebody else thinks he ought to have—that is the basic explanation of the rationing, shortages, and bottlenecks.

Under the Capitalist system, a worker gets a weekly packet of votes—his wages. Whatever he spends them on represents so many votes cast in favour of producing particular goods and services. And also—and this point is rarely grasped—they are votes in favour of retaining in their present position certain people whom we may call the nation's economic leaders, the enterprising people who are responsible for organising production and the allocation of the national resources. It is a persistent Socialist allegation, and a widespread popular fallacy, that these organisers of production—the heads of firms, managers, etc., as well as the lawyers, doctors, engineers, and other technicians who give professional services—are a small caste made up of the same families from generation to generation, a closed caste into which those born in the wrong beds can never aspire to enter. This is not true.

Under Capitalism an entrepreneur or a technician enjoys economic privileges only so long as he continues to win the consumers' electoral support. The abler that an entrepreneur shows himself in supplying consumers with what they want, the more votes, and therefore the more privileges, will be get. But the moment that he begins to take things easily, to slack off his attention to his business, or to his profession, to take time off for golf, or dance girls, his ability to respond to current tastes in demand (which are always changing) will be impaired, and he will begin to lose votes to keener competitors. To picture the ranks of business and professional leaders as statically filled for ever with the same personnel is erroneous. The true picture is more like the scene at Piccadilly Circus underground station in London where, side by side, you have two moving staircases, one going slowly up and the other down. For a few minutes any one of these staircases is filled with what seems to be one batch of passengers, but the personnel changes all the time as they step off at the top or the bottom. Some people speed their way to the top or to the bottom by running up or down, just as in the economic world, some people speed their way to the top by their superior intelligence or harder work, and others speed to the bottom by their lack of judgment, carelessness, inertia, or by their patronage of drink and their friendship with the devil.

I suggest that it would be difficult to devise any theoretical system of production fairer and juster than the spontaneously arisen Capitalist system which is based on democratic voting—a system in which no vote is lost, in which every vote has its effect—a system which allows minority tastes to be catered for in a way that no central planning board could attempt.

I have not forgotten that the institutions of property and inheritance may help to speed an able man's upward progress or to delay a worthless man's downward slide. There is no system incapable of improvement. I hope in future articles to look at the problems of property and inheritance.

BRITAIN'S PLANNING EXPERIENCE

The Socialist tackles the problem of production by setting up a central board of planners, aided by numerous specialist committees, whose job it is to survey and to allocate all the national resources in labour and in materials. It is possible that such a system might work better than Capitalist competition in an absolutely static society, the numbers of whose people remained constant, whose tastes never varied, who always read the same number of dead classical authors and never wanted a new novel by a new author, whose wives never wanted nylon instead of silk, who never changed their minds about their needs, or made a mistake and found that they had ordered more milk than they needed and were wearing out their shoes faster than they thought; and finally whose foreign suppliers of imports and buyers of exports were always ready to sell and to take the same quantities of the same goods.

But no such society has ever or can ever exist. In the real world, planners are called upon to forecast the future course of a maze of individual industries. They try to do this by drawing up innumerable economic tables; they forget that such tables tell you what happened last year, not what will happen next! Nor can statistical tables tell you anything about the future

productivity of labour (strikes, absenteeism, higher or lower efficiency of men or even of a new tool or raw material), nor can the volume of private investment (if any) be forecast. A small error here will lead to a major falsification in government policy. Professor Jewkes observes (in his introduction to Walter Eucken's "This Unsuccessful Age") that the British Annual Economic Surveys made it clear that in the U.K., despite attempts to impose control on investment and despite the strategic position that the government held in determining investment in the nationalised industries, in housing and in private industry through allocation of raw materials, the evidence suggested that investment rose when the controls were set to reduce it and fell when they were set to increase it!

ROBBINS TO THE RESCUE

I quoted last week Professor Lionel Robbins' vivid description of his own experience as a war-time planner when he sat in smoke-filled committee rooms, working against time, to get snap decisions of preoccupied and over-worked ministers. I now summon him to give us further evidence (from his "Economic Problem in Peace and War"):

"You may reform your system of ministerial committees. You may augment the number of their advisers. You may employ troops of investigators to ascertain the reactions of consumers. You may stretch the sympathetic imagination to the utmost to seek to provide, within the limits of your plan"—note that important qualification—"the kind of variety which you conceive to be desirable. You may sincerely believe that the process is, as you work it, good for the people. But I cannot think that, if you are honest with yourself, you can believe that such a system involves, or can involve, such degree of freedom for the consumer to get what he wishes, such an active participation in the daily moulding of social life, as a system which is based upon demand prices. The word democracy is so variously used nowadays that it is perhaps futile to discuss the question whether the approval of a total quantitative plan, not based on market values" —that is, not based on what I have called the consumers' voting system—"is or is not democratic. But it is very clearly skies apart from a system....which does follow the market. I have no doubt that some at least of those who talk broadly of the acceptance in will and understanding of the plan by the people sincerely believe that their words have some meaning. But I personally find it hard to believe that the process of choice thus conceived, with its apparatus of high-pressure propaganda, its apoplexy at the centre and apathy at the extremities, can possibly mean....an active participation in social initiative which is remotely comparable to that which can be realised where the consumer's bid is the criterion...."

We must at this point rest on our oars until next week, conscious that we are afloat in deep waters and that we have raised as many questions as we have answered, but determined not to shirk the effort to get further answers if we can.

SO TOUGH... a strip only one inch wide supports 20 lbs!

COMPARE THESE ADVANTAGES:



Trayons Transparent Paper is even more transparent than glass . . . it transmits 95% of visible light . . . shows your products better.



It is the cheapest wrapping paper ever made. Compare it with others — a 20" × 30" sheet costs less than 6 pice!



With a tensile strength of 6.5 tons per square inch, Trayons Transparent Paper is *tougher than steel!* Packed in Trayons Transparent Paper, your goods remain crisp, clean, and new. However roughly handled they reach your customers *factory fresh!* Pack your products in Trayons Transparent Paper and sell them *faster.* If you have any difficulty in obtaining your requirements write to us direct.

PRICE:
Colourless — Rs. 44/- per ream of 500 sheets
Amber — Rs. 51/8 per ream of 500 sheets
plus Sales Tax where in force.
Packing charges—Rs. 1/4 extra

Trayons TRANSPARENT PAPER

TRAYONS THE TRAVANCORE RAYONS LIMITED
P. O. Rayonpuram (N. Travancore)

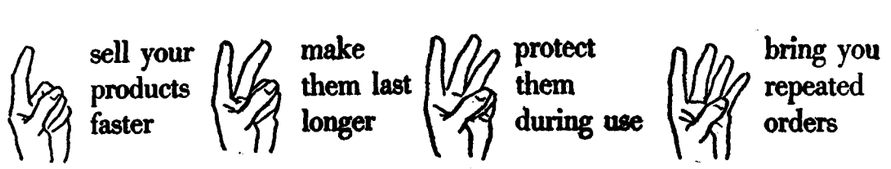
India's Pioneer Manufacturers of Transparent Paper

Stockists Munshilal & Sons, Chawri Bazar. Delhi. The Amritsar Rayon & Silk Mills Ltd. Post Box No. 20, Amritsar (E. Punjab).

TR 4066(A)

FINISH WITH FALSE ECONOMY...

It is false economy to use cheap finishing materials. TRUE ECONOMY lies in using good quality finishes and using them correctly. A good finish will



I. C. I. (India) Ltd. offer free technical advice on the correct use of

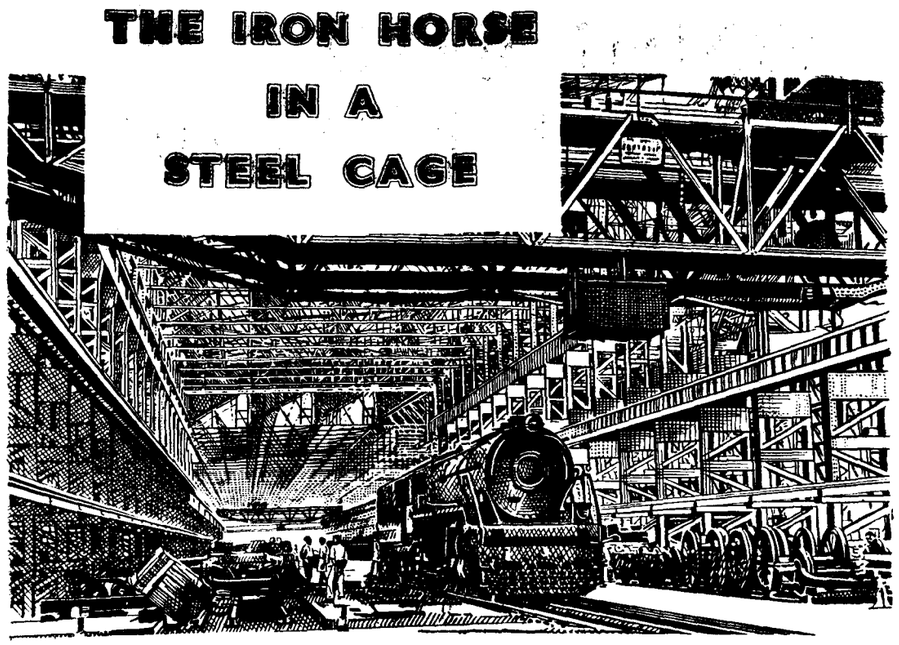
'DUCO' 'DULUX' 'NECOL'

Supreme ICI Paints

NOW MADE IN INDIA
by
THE ALKALI & CHEMICAL CORPORATION OF INDIA LTD.

Sole Selling Agents:
IMPERIAL CHEMICAL INDUSTRIES (INDIA) LTD.
Calcutta Bombay Madras Kanpur New Delhi Ahmedabad Amritsar Bangalore Cochin

Available from I.C.I. appointed stockists and dealers everywhere.



Chittaranjan is the largest locomotive manufacturing unit in Asia, designed to build 120 locomotives and 50 spare boilers every year under single shift production. In the construction of these immense workshops no less than 11,000 tons of STEEL were used.

The largest structure in the whole Project is the Main Assembly Shop, which measures 1560 feet long, 212 feet wide and rises to a height of 75 feet. From this massive workshop roll India's locomotives—the visible results of the new industrialisation of India.



INSERTED BY THE INDIAN IRON & STEEL COMPANY LTD. ISCO MANAGING AGENTS: MARTIN BURN LTD.

IIX-46

BOOK REVIEWS

AN ELDER STATESMAN

My Public Life: Sir Mirza Ismail: Allen & Unwin, London: 18 sh.

Few public men in India have had the range of administrative and political experience vouchsafed to Sir Mirza Ismail, Dewan of Mysore for 16 years, an intimate friend of the great Maharaja Shri Krishnarajendra Wadiyar IV of Mysore, and a vigorous Prime Minister of Jaipur. His administrative experience alone would have justified a longer book than has now appeared. There is to be added his constant contacts with political sources both in India and abroad. Sir Mirza was an important member of all the three Round Table Conferences. He was a personal friend of the Mahatma, and his correspondence with Gandhiji continued unabated till the latter's tragic end in 1948. It would appear that the publishers have reduced the size of Sir Mirza's original memoirs so as to accommodate them in a Procrustean bed which has taken no account of the wealth of the original material. It is sincerely to be hoped that many aspects of Sir Mirza's experience not described in the present book will soon appear in another volume.

In one sense, Sir Mirza belongs to an age outside our own. His identity of interest with the late Maharaja of Mysore certainly gave him reason to find greater virtue in autocratic rule than the people of India will now admit. Possibly because of this attachment to one of the most remarkable figures of our time, Sir Mirza has been critical of the great movement which swept the Princes from power after Independence. Opinions on this may well differ. It is likely that history will illustrate the impossibility of leaving Indian India relatively lightly touched by the revolutionary current which swept through British India before Partition. It may be, therefore, that his judgment on the Indian States, which is naturally affected overwhelmingly by his experience in the model State of Mysore, will not be considered good general counsel.

What will awaken, and, indeed, has already awakened, special interest is the relation between Sir Mirza and some controversial figures in India's political life. His differences with Mr. Jinnah were profound. There is hardly anyone in India who will fail to appreciate Sir Mirza's lone stand against the passion for Pakistan which was sweeping through his community. It needed high courage to take that stand. It was maintained with dignity and skill, although Pakistan was not slower in coming on this account.

The description of his relations with the Nizam show how tortuous were the ways of some Princely States. It was a great tragedy for the Nizam that he was unable to appreciate the talents of his counsellor and friend; Sir Mirza, in a brilliantly successful career, full of personal loyalties, deserved in this last appointment far greater trust.

The book is one which will be widely read as much for its author as for its own interest. Its heart, like that of its author, is in Mysore which owes to his insight and industry more than it can ever repay.

CO-OPERATION IN INDIA

The Co-operative Movement in India: E. M. Hough: Oxford University Press: Rs. 15.

The present book is a third edition, of which the first was published by Messrs P. S. King Ltd. of London in 1932. In this third edition there is only one major addition, which is a chapter on 'Recent Developments in Co-operation in India' by Mr. K. Madhava Das of the Agricultural Credit Department of the Reserve Bank of India. The additional chapter is competently done, but does not indicate any vital changes in the character of the Indian Co-operative Movement to solve the basic problems of the shortage of agricultural credit.

The verdict of this book is best set out in terms of the first paragraph to the preface of the third edition which reads as follows: "Co-operation on the Indian subcontinent has not worked the miracle for which its early enthusiastic advocates had hoped, and an analysis of the reasons for that relative failure against the background of conditions in undivided India, most of which persist today, is necessary for determining the extent to which it may be anticipated that the Co-operative Movement can overcome adverse external conditions and internal weaknesses avoiding the repetition of past errors and consolidating and augmenting gains".

The book provides analysis enough but for the student conversant with the main lines of the co-operative movement there is a tendency for interest to flag because of too much factual presentation. The story of the co-operative movement is best told in terms of tables of which the book has four on pages 377 to 385.

It is hoped that this standard work will stimulate research into the only vital problem of the movement which is the measuresment of the untapped capacity to provide finance with and without the help of the Reserve Bank of India. It is believed that Mr. Chester Davis of the Ford Foundation has commented on this subject at length in his report, but since this report has not been made available to the public at present, curiosity should be all the greater.

CHINESE COMMUNITY SURVEY

Ting Hsien—A North China Rural Community: By Sidney D. Gamble: Institute of Pacific Relations, New York: $6.50.

This remarkable study of Ting Hsien, a rural community in North China, provides a most interesting example on which detailed rural enquiries in India can be made. Perhaps it is unduly elaborate, the work having taken from 1926 to 1933 and consolidation and writing something like twenty years thereafter. Nevertheless, this is the kind of research which is desperately needed in the East. It is not enough to have more facts and figures added or subtracted as in the National Sample Survey. The essence of community living has to be seen as a great piece of social research, containing numerous cross-sections not only of economic facts but of the structure of thought, customs, education and ways of living. Dr. Gamble's great work consists in his having arrived by this comprehensive technique at the spirit as well as at a material evaluation of this interesting community.

The tribute paid by Y. C. James Yen, founder of the Chinese Mass Education Movement, which co-operated in this work, is, therefore, amply justified. "I believe" says Mr. Yen, "this social survey has contributed more than any other single factor to a scientific approach to the social and economic problems of the Chinese peasant". It is claimed by the publishers that since China has undergone great changes an objective study of this kind is all the more valuable. On this, opinions may well differ. The value of a study of this kind is essentially to measure the future against present conditions. If the book does not in any way describe present conditions as apparently is the case, it can only have historical interest.

The merit of this work, therefore, does not lie in its assessment of Ting Hsien today. It is essentially

in the method carried out in great detail to illustrate how community evaluation should be approached and how detailed studies can be implemented given the assistance of the people most concerned. It would appear that enquiries of this kind have necessarily to be slow as partnership must be obtained assuring a friendly attitude towards their research workers. Have we in India this attitude? If we have not, we should set about acquiring it at once.

THE WORKING MAN

The Working Man: A Presentation Volume to Shri Jagjivan Ram: The Jagjivan Ram Abhinandan Granth Committee, Patna: Printed at the Sanjivan Press, Patna: Rs. 15/-.

This elaborate publication running into 550 pages is an appropriate tribute to Mr. Jagjivan Ram, Minister for Communications in the Central Government. The purpose of this publication is expressed in a letter to Mr. Jagjivan Ram from the Chairman of the Abhinandan Granth Committee, Dr. Anugrah Narayan Sinha. In this there appear the following paragraphs:

"We all feel with you that we are face to face with the biggest social movement in our history—the movement of the depressed and backward masses in India for equality of opportunity and self-expression. In so far as it is relatable to material uplift, it is supported by our Constitution and the First Five-Year Plan. Yet, basically, it is a movement for the enlargement and expansion of the human spirit.

"To comprehend this movement, it is not enough to indicate the milestones of material advancement in the lives of the disinherited, which the second part of this volume, the Labour Miscellany, does; it is also essential to delve deeper and lay bare the sources of the inspiration, which the first part of the volume seeks to accomplish.

"Thus viewed, your biography—the life history of a person who happens to be both the herald and the embodiment of this liberation movement—and the Labour Miscellany, which depicts Indian labour conditions, to the shaping of which your contribution is not inconsiderable, against the background of the world of labour, form part of a correlated, if not integral, whole.

"While we hope that we are not adding to the growing multitude of that short-lived species known as Abhinandan Granths, we have no illusion that we have produced literature of lasting value. And yet, the book has a typicality, which, we trust, will evoke considerable interest, and a message which will not be lost upon our people."

Whatever one feels of this practice of associating studies of this kind with personalities, there is no doubt that in this particular case the Committee has been successful in bringing together a wide range of subjects and authors to compile what is the best available assessment of labour problems in India at the present time. The major interest of this publication will attach to Part II 'A Labour Miscellany' in which there are notable articles on working class ideologies, industrial health, industrial housing, wages and the cost of living, fair wages clauses in public contracts and labour appellate tribunal decisions. The statistics unfortunately stop in most cases at 1952, and some bringing up-to-date will be necessary in almost every case. Nevertheless there is here one of the most able consolidated statements of progress of Indian labour in organised industries and agriculture.

In the generous fare provided, each reader will find subjects of special interest. However, particular attention might be directed to the study of Industrial Housing in India by S. P. Saxena where a study is made the challenge involved in industrial housing of the scale sometimes described as the Jagjivan Ram million house scheme. Many of the suggestions in regard to the breakdown of housing costs made by Mr. Saxena deserve closer study. A final article on 'Labour and Reconstruction of Society' by the Rev. J. J. Barrett S. J., will also repay careful study. It argues the Christian view of the industrial problem.

GOVERNMENT OF INDIA

3½ PER CENT NATIONAL PLAN LOAN 1964

Redeemable at par on 19th April, 1964

Subscriptions in cash/cheque will be receivedwithout limit from 19th April, 1954, until further notice.

Issue Price Rs. 98-8-0 per Rs. 100 (Nominal). As interest accrues from 19th April, 1954, recovery on account of net interest will be made at the rate of 9 pies for every Rs. 100 from 26th April to 1st May, 1954, thereafter increasing by 9 pies per week.

Applications will be received at the offices of the Reserve Bank of India at Bombay, Calcutta, Delhi, Madras and Bangalore, at the branches of the Imperial Bank of India at other places in India except in the States of Hyderabad and My sore, at the branches of the Hyderabad State Bank in Hyderabad State, at the branches of the Bank of Mysore Limited at Mysore, Shimoga and Mandya in Mysore State and at all Government treasuries and sub-treasuries.

For full particulars apply to any of these offices, branches or treasuries.

A DELHI DIARY

SURVIVAL BEFORE ACQUISITIVENESS?

IS the instinct for survival greater than the human animal's acquisitive propensities? I have been watching carefully over three days the Conference held at Phagu near Simla of the Chief Ministers of Part 'C' States in order to find a distinctively Indian answer to an ancient (evolutionary?) question. On May 11, it looked as though the acquisitive instinct was sure to win. The Chief Ministers of six Part 'C' States demanded on that day that a share of income tax and Central excise duties should be given to them by the Central Government. Naively enough, they declared themselves prepared to do away with Central grants-in-aid if their share of this income was not denied to them. This was no self-denying ordinance. They had been (privately!) advised that, if this were done, they would gain on the transaction. I wonder what they would have said if the shares allocated made them poorer rather than richer than before. Partitions of estates have been known to produce some quite unpleasant surprises!

On May 12, however, the accent changed from acquisition of money (or territory!) to an emphasis on the right of survival. The real reason for this unedifying spectacle of a Conference of a group of States in a new (and secluded!) locality was the very genuine fear which has overtaken these States that, in the process of reorganization, these minor units might be swept away, leaving at least six Chief Ministers without a kingdom to administer, satisfactorily or otherwise. The campaign for survival is thus well and truly launched. But what can one make of an argument such as this?

"The paramount need today", say those far-sighted Chief Ministers, "is to preserve and strengthen the unity and security of the country. Powerful forces are at work to blow humanity to pieces, and India stands out as the champion of peace striving to create an atmosphere for the peaceful settlement of the outstanding issues confronting the world. The U.S.-Pakistan military alliance has brought the Cold War right to our door. Hence any attempt to disturb the present set-up in a drastic manner without the consent and full support of the people concerned would not be without risk".

Who would have thought that the Cold War, the Hydrogen Bomb, and the U.S.-Pakistan military alliance could have proved a windfall to some trivial little entities anxious to perpetuate their precarious existence. As far as I remember the Cold War, the Hydrogen Bomb and the U.S.-Pakistan alliance were all facts or near-facts known at the time of the appointment of the States Reorganization Commission. Can it be that the Prime Minister and his advisers totally failed to see the connection between these events and the survival of Part 'C' States? The implication of the argument of the Part 'C' States' Chief Ministers is that a major error has been made by appointing a Commission for Reorganization at this critical time unless, of course, the Commission recognises that it really has no task to perform!

Why have the Chief Ministers of these States stultified themselves in this manner? It surely is possible to approach the whole question of the optimum size of administrative and fiscal units without the long train of platitudes contained in the memorandum which these Chief Ministers have taken upon themselves to produce. What is alarming is the extent to which manoeuvring for political advantage has taken possession of almost every senior individual involved in this passionate controversy. The deplorable exhibition of space consciousness shown in Uttar Pradesh has been bad enough. Some members of the Uttar Pradesh legislature who dared to consider partition of their sprawling and unmanageable province have been called quickly over the coals and have now totally resiled from their heresy. This is not so sinister as the fact that many Chief Ministers of States are already neglecting their routine duties to canvass their cases before the States Reorganization Commission. Surely this should be no part of a Chief Minister's work. And the ganging-up of Ministers of States such as has been seen this week should certainly be stopped by an order from the Congress High Command. It is totally wrong that the expenses of Conferences such as these should be debited to the (depleted!) revenues of these Part 'C' States.

HOLY MATRIMONY

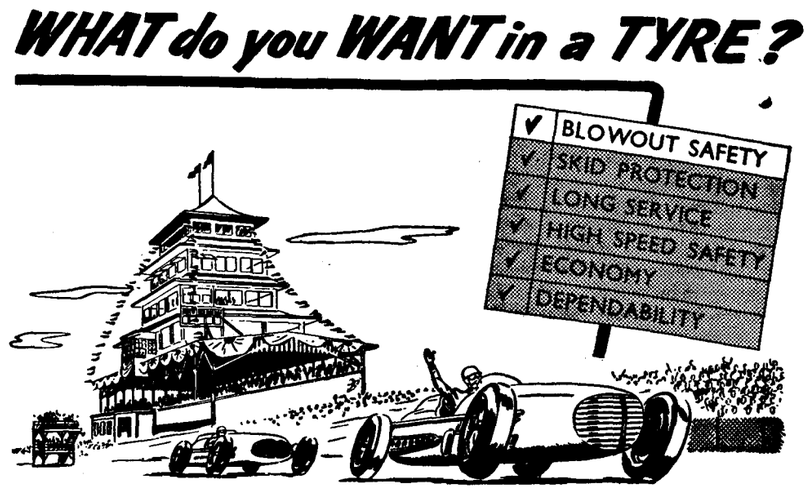
I must return to Delhi. There has been interest in both Houses of Parliament this week. In the Council of States a "progressive" measure described as the Special Marriage Bill got through after a marathon sitting of nine full hours. The Bill provides for divorce by mutual consent; on this, even the progressives were divided. Some thought this was making divorce a little too easy and the sanctity of marriage will now be treated with scant respect; there were others who thought that, now that freedom had been legally secured, it would not be lightly utilised. The Law Minister, a little fearful of the measure, felt it necessary to recommend moderation and self-control. But why was this recommended to the Council of States? Did the Law Minister really fear that the ladies in that House did not exercise all the self-control that was necessary?

The women in the Council of States have been more sinned against than sinning. On Wednesday, Dr. K. N. Katju positively insulted the women in the Council when he said that the field of advice of women members should be children and social welfare. Dr. Seeta Parmanand rightly took exception to this remark and observed that, if the practice of making observations of this kind went unchallenged, the time would come when it would not be possible for women to sit in the House. She demanded that the Minister either express regret or withdraw his remark. The interesting thing is not that the Minister apologised, but that he actually said that he was not conscious of having said anything improper!

THE BATTLE OF THE HOUSES

Much greater Parliamentary interest, however, now attaches to another Battle of the Houses which was joined on Mr. N. C. Chatterjee's motion of privilege following a notice he received on Tuesday from the Secretariat of the Council of States asking him whether he had described the Council of States as "a pack of urchins". The Prime Minister, as usual, attempted to pour oil on troubled waters, arguing that since the statement was not made in the House and the Hindu Mahasabha was not (yet!) a part of the House, this was not a matter for the House. The Speaker thought otherwise. He considered there was an issue of procedure. And now suspending important business the House of the People is at the time of writing dealing with pros and cons and precedents and conventions before the Speaker gives a final ruling. At which stage I must suspend comment; the risks of breach of privilege are all too real!

ARGUS.



SPECIAL ARTICLES:

TOWARDS ECONOMIC UNION IN SOUTH-EAST ASIA?

THE plan for mutual economic aid covering five nations, which was presented at Colombo by the Prime Minister of Burma, has been dismissed in a few non-committal sentences in the official communique. But it is apparently not yet dead; and it is to be discussed by correspondence, if not in conference. At Madras, on his way back, the Burmese Prime Minister admitted that the plan was vague, and that it had to be remitted back for being defined and examined. That re-examination is now under way; and it is not impossible that something of value may emerge.

Economic integration means nowadays two different but connected things, namely, trade liberalisation and arrangements for facilitating payments (mutual aid being part of the former). Some integration in the sense of an increase in the inter-regional trade has already been taking place. The table at the end of this article points to some evidence in favour of this conclusion. It may be thought that prima facie, it will not be possible to force this pace. Individual needs in all the countries outrun resources; and this, together with the fact that inter-regional trade is small, while India's experience of bilateral pacts in this region has been none too happy, has damped somewhat the initial enthusiasm regarding the arrangements for regional economic integration.

But it must be recognised there are now two important factors. One is just political—the felt need in all these five countries for closer co-operation. This feeling is not altogether new; indeed, in the first flush of post-war enthusiasm, India announced a loan of Rs. 5 crores to Siam as long ago as eight years. But there is much greater support now than there was then for regionalism. The other factor which is new is the growing opinion, not yet very articulate, it must be admitted, that if there are difficulties in the way of economic co-operation, they must be tackled, and that the very needs of the area must make a mutual aid plan attractive.

There are opportunities for increased trade at present which are clearly being wasted. For example, there is an unexplored market for ready-made garments from India throughout South-East Asia. The engineering industries in this country are also working at very much below rated capacity. Although the overseas market for such items as buckets, hardware, rice and sugar machinery, and electric fans and motors, all mentioned by the Narielwala delegation of 1950, as well as for other items, like sewing machines and dry batteries remains, by and large, to be proved, no steps have yet been taken to push these exports. Additions to India's potential exportable capacity are constantly being made elsewhere, however, and examples in point are soap and fertilisers. It is also rapidly becoming clear in the case of some industries, like locomotive manufacture and the production of primary aluminium, that further expansion must, hereafter, have export markets in view.

It is not merely that unexplored scope for liberalising inter-regional trade in the five countries exists at present. There are also the following further considerations to urge.

(i) Self-sufficiency within the individual countries as a whole has sometimes been bought at too heavy a price. For example, if chillies and onions can be supplied from India to Ceylon, self-sufficiency plans in the island will be unnecessary. Similarly, Ceylon's State industrial undertakings, about which there has been local criticism, must at least be reviewed in the light of what the area is to supply.

(ii) Although the payments problem has been relatively simple, Indonesia which is outside the sterling area, and which faces economic crises from time to time, will appreciate a credit line. Other countries may not also be unwilling to consider capital inflow from within the area, if suitable understandings can be arrived at (last year, the Federation of Indian Chambers of Commerce and Industry actually circulated the Burma Government's invitation to foreign industrialists, though without any result).

(iii) The growth of import control has interfered with natural and complementary development in the area. While South-East Asia is a bigger region than the five countries represented at Colombo, an arrangement for trade liberalisation in these five countries, to begin with, must immediately be worth considering.

(iv) In the case of countries like Indonesia, which has experienced a steep fall in its gold and foreign exchange reserves (which were cut by more than one-half at the end of 1953 as compared with the position only two years before), an assurance to the effect that imports can be financed at a level which is beyond the country's ability to pay for unaided will have obvious anti-inflationary implications.

It is in this situation that a mutual aid plan, which has certain definite aims in view, namely,

(i) to liberalise trade between the five countries and to promote long-term trade agreements,

(ii) to arrange for the inflow of official and private capital from within the area, and

(iii) to promote export industries in the five countries, having regard to the needs of the area,

will be both practicable and relevant. This three-fold programme is not vague; and it is bound to benefit the area.

Trade liberalisation will pave the way for the establishment of a payments union in due course. Liberalisation involves as a corollary that temporary fluctuations in the balance of payments positions must be covered by debit and credit balances, which may be expected to be wiped out in due course over a long period of time. The form which a payments union will take, if it comes into being, will most probably be as follows:

(i) The five countries will purchase and sell one another's currencies freely.

(ii) Periodically, outstanding credit positions (holdings of these currencies) and debit positions (payments by a country in its currency) can be cleared by the payment of inconvertible sterling or convertible sterling, or gold, and dollars in part, the other part being lent as a credit or owed as a debt as the case may be, pending a change in the position.

(ii) Extreme creditor and debtor positions can then be rectified by a reconsideration of the economic and trade policies of the countries affected.

What form the arrangements regarding "hard" part of the outstanding positions should take will depend on events at the time, when trade liberalisation and economic co-operation having become faits accompli, details regarding the payments union are ripe for consideraton. Perhaps sterling convertibility may have materialised by then. But whatever the contemporary economic situation then may be, there are two reasons why a payments union can be easily brought into being. The first reason is that a fund in dollars, or gold, or convertible sterling, or registered sterling can be obtained from abroad—on the analogy

of E.P.U. The second reason is that the sterling area members of the payments union can be allowed to continue within the sterling area. With four out of five countries which are to form the union already within the sterling area, the payment in dollars, or gold, or convertible or registered sterling from one country to another need not result in the drain of the central reserves of the sterling area. A great deal of negotiation will have to be undertaken, no doubt. But it is apparent that there are no insuperable difficulties, which will have to be overcome, if and when a payments union is thought of in due course.

The communique issued by the Prime Ministers keeps the question of the mutual aid plan open. The next step now will obviously be to create a small Economic Secretariat for the Conference, which, it has now been settled, will be a continuing body. This Secretariat must take up trade liberalisation, the stimulation of private investment, and of loans and credits to the area from within the area, and co-ordination of productive capacities and development plans within the area as soon as possible. The Secretariat can call conferences periodically for this purpose; at a later stage, it must consider the question of a payments union, if it proves to be needed. On these lines, concrete shape can be given to the vague feeling that these five countries should be drawn together economically, no less than politically.

TRADE OF SOME SOUTH-EAST ASIAN COUNTRIES WITH THE ECAFE REGION

(Quarterly averages in millions of dollars)

	Exports				Imporst			
	1948	1950	1952	1953	1948	1950	1952	1953
Burma	50	33	52	17	14	18	29	16
Ceylon	5	5	5	15	26	29	31	33
India	95	68	83	50	122	48	68	36
Indonesia	25	73	74	68	34	39	91	80
Pakistan	24	25	61	40	15	34	58	11

Note: Burmese and Indian figures reflect the changes in food exports and imports respectively.

Source: Economic Survey of Asia and the Far East 1953.

FOOD POSITION IN SOUTH-EAST ASIA

IF the Asian Prime Ministers who gathered at Colombo had found time to get down to the problems of economic co-operation among the countries they represented, the respective food positions in their countries should have figured prominently on the agenda. Here there is perhaps no issue to make a common cause against an outside area or Power. It is internal. For Burma, the problem is one of finding a stable market for her exportable surplus of rice, so as to keep up the level of the economy and maintain the Government's revenue obtained from state-trading in rice. That problem has just begun, at a time when the food problem for the rest of the area seems to be approaching a satisfactory end. For Pakistan, the food deficit, though still continuing, must be regarded only as a temporary phase, which can easily give place to self-sufficiency if not to a surplus; in any case, her deficit is largely in wheat, supplies of which will have to be obtained from outside the region. But occasionally Pakistan may even be in a position to export rice in limited quantities. Though the era of heavy food imports in India has ended, it must be assumed that we will be importing moderate quantities of wheat and rice in the near future. As a rice importer, India has something in common with Ceylon and Indonesia; it is of course conceivable that this interest may cease if Indian rice production increases at the present rate and enables some exports as now proposed.

On the whole, however, the position is such as to make the interests of the five countries in this matter complementary, and not competitive. To the extent that India and Pakistan have to import wheat, the problems of supplies and payments would seem to relate to other regions, but the problem cannot be separated. It is not inconceivable that larger supplies of rice from Burma or better production in India should release more Indian wheat for Pakistan in her deficit years. Immediately, however, the question of rice is more relevant and Burma is now in a position to meet substantially the present combined needs of India, Ceylon and Indonesia. The table at the end of the article summarises the relative position of the five countries in the last six years.

The importance to Burma of finding markets for her main exports in these countries has been underlined by recent events. The accumulation of rice stocks and the prospective fall in rice prices (which has for the present been averted) that has followed India's abstention from purchases last year is not the least of them. The other rice markets of the region—Japan, Hong Kong, Malaya—are being increasingly fed on supplies from Thailand, though Burmese rice supplements those supplies. The Philippines has now attained self-sufficiency in food. It is, of course, possible that a recurrence of drought in Japan on the one side, and in India on the other, may make a great difference in this picture of balance in the Asian food position today. But the chances are that a halt to the fighting in Indo-China and the rehabilitation of Korea would further improve the world rice position and make it imperative that the rice producers should seek to secure and stabilise their markets.

At the same time, the interests of the three importing countries would largely coincide with the interests of Burma. Ceylon's uncomfortable trade pact with China based on rice-rubber exchange cannot be expected to last for ever and Burma remains the nearest alternative supplier of rice. The moral of the recent Indo-Burmese agreement on rice is that India also has an interest in not causing sudden economic dislocation in Burma by any action which affects the latter's main source of revenue and exchange. For the maintenance of these relationships, no substantial reorientation of trade policies would be needed. The series of agreements which Burma has concluded with Ceylon, Japan and India would stabilise Burma's position, though her income from exports will not fail to reflect the rapidly changing food situation in the world. That change has not merely been the consequence of the higher rice production in India and the improved position of the other deficit countries. It has also been influenced largely by the world levels of wheat output and prices which are now definitely on the downward. The 'realistic' farm support levels proposed in the U.S.A. and the substitution of food surpluses in economic aid and disaster relief can make a great difference to the international prices obtainable for rice.

The food position of the five Asian countries may be summed up as one of self-sufficiency except for the net imports of wheat and flour in India, Pakistan, and Ceylon and the net exports of rice from Burma to Japan, Malaya and other countries outside. There is scope for the substitution of even the present limited imports of wheat and flour by India and Pakistan, if rice supplies are available at more reasonable prices. With adequate rice imports from Burma, India and Pakistan can once again be successfully converted into a single free food zone as before 1947. Ceylon's problem—and of Indonesia as well—is again one of food prices. Any decline in rice prices which would give Burma the stable markets she needs, need not be such as to affect the Burmese cultivator's income and purchasing power, because internal prices in Burma have been held at low levels. But they would undoubtedly be such as to affect the Government's revenue position for which alternative support must be discovered. That remains the main problem in any scheme for close economic co-operation among the five Powers who met at Colombo. Burma must be prepared for the change that is inevitable in the world food position and the sooner there is readiness to commence the transition, the better. The method by which the Burmese Government can reduce its dependence on rice profits is both a problem of administration as well as of aid, in which the five Powers must develop a common interest.

FOOD POSITION OF FIVE ASIAN COUNTRIES

(In thousand tons)

	Imports				Exports
I. Wheat and Wheat Flour	India	Pakistan	Ceylon	Indonesia	from Burma
1948	1,394	10	228.5	84.3	
1949	2,286	27	213.2	91.5	
1950	1,463	..	224.5	67.9	
1951	3,078	..	290.2	168.3	
1952	2,511	820	205	200.0	
1953	1,684	870	285	10	
II. Rice					
1948	1,050	—145*	416	140	1,235
1949	796	63	403	276	1,194
1950	378	..	498	331	1,197
1951	941	—206*	402	530	1,325
1952	722	..	400	760	1,100
1953	190	..	400	400	980

(*—exports).

A New Book

For the Library and the Connoisseur of Art

SKETCHES OF GANDHI

By

FELIKS TOPOLSKI

A unique collection of 24 sketches and two four-coloured paintings of Mahatma Gandhi by the famous Polish artist. Embellished with rare quotations from Gandhiji.

Price Sixteen Rupees **Postage extra**

THE BUSINESS WORLD

MODERNISATION IN THE JUTE INDUSTRY

The Jute Enquiry Commission hopes that when its recommendations regarding the establishment of a Jute Board and a Jute Development Council are implemented, it will be possible to appraise the case for modernisation in each unit. This is undoubtedly an advance in the sense that the importance of adaptations in order to improve the competitive quality of India products has been squarely emphasised.

The report states that the present position is more or less as follows:

Modernisation in the IJMA Mills

	No. of mills	Loomage	Approximate cost (in Rs. crores).
Modernised in whole or part	15	6,495	4.87
Modernisation proceeding	13	4,830	3.60
Total estimated expenditure on modernisation ..	28	11,325	8.47
Estimated further cost of modernisation ..	47	54,424	40.00

These statistics are encouraging in the sense that they indicate the size and complexity of the problem as being a good deal less forbidding than is generally supposed.

But from this it is impossible to jump to the conclusion that all is well—and that there is no danger ahead. What modernisation, means, has not been explained very clearly in the report. Modernisation is necessary in every department at the present time, in the low mill, where jute is prepared, in the high mill, where it is spun, and in the factory, where it is woven. In the preparatory stages, the improvements are

(i) better methods of softening,

(ii) the use of the combined spreader and hackling machine, and

(iii) the single card, which includes the operations of the finisher card.

In the spinning department, the improvements are

(i) increase in the speed of the spinning frames,

(ii) facilities for changing bobbins in less than half a minute and for stopping the flow of sliver when the end breaks, and

(iii) noiseless copwinding.

In the weaving section, India's competitors are bringing into use,

(i) automatic replenishment of the weft on flat looms, (the Martin automaton), and

(ii) the Saint Frere Circular Loom.

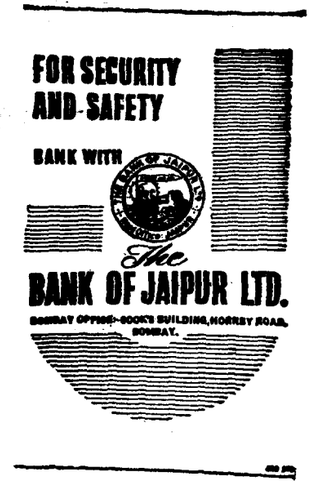
All the departments, it will be seen are affected.

The reasons why all this is important today are, of course, two. There is firstly the question of quality and finish. Indian production, as the report points out, has had to be based increasingly on daisee, jungli, bimli, and mesta. Naturally, although technologically these inferior varieties can be and have been used, the finish and texture of the product does not sometimes stand up, especially in the American market, to the goods manufactured by newly established industries abroad. Burlap with seamless sides, of as fine a texture as can be manufactured, produced in lengths of up to 2,000 yards, so that the American bagging industry may adapt it to current needs from time to time, will certainly increase the attractiveness of jute as a packaging medium.

It is also relevant that one of the talking points in the propaganda intended to increase the popularity of jute is that opportunities for re-use in attractive ways are present and can be increased. Obviously, the greater the finish and the better the quality of the burlap, the easier it is likely to be to discover new uses and to sell the idea that a secondary industry on these lines can grow up. From this point of view also, therefore, it will be short-sighted to ignore the benefits of modernisation.

There is the question of cost of production, which is nearly as important as quality and which is the second major reason why improvements in production methods cannot any longer be overlooked or treated with indifference. The Martin automaton will enable a single weaver to attend to anything from five to a dozen looms. The Saint Frere Circular loom is estimated to run at about two and a half times the speed of the flat looms. Naturally, these facts are bound to be reflected in a decrease in the cost of production and although we have now reached a stage when the cost of jute manufactures is not all important, it is still necessary to distinguish between two things, namely, the cost of jute vis-a-vis its competitors, and the cost of Indian manufacture vis-a-vis foreign manufacture.

There is not perhaps, the same need to be concerned with the former part of the problem. The latter part, however, continues to be as important as it ever was. If the rest of the industry all the world over is modernising, India cannot but worry about the pace at which its own efforts to manufacture a better product at a cheaper price are proceeding.



THE
PUNJAB NATIONAL BANK LIMITED
(Established 1895)
Head Office DELHI

STATEMENT OF ACCOUNTS AS ON 31-12-1953

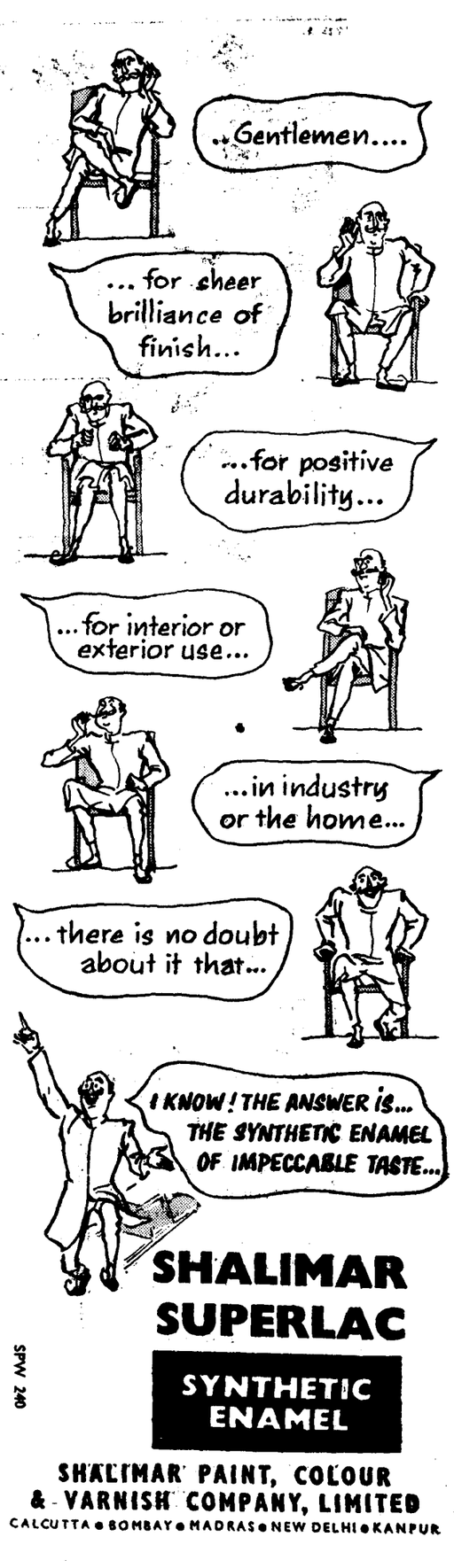
LIABILITIES		Rupees
(i)	Paid-up Capital	87,50,000
(ii)	Reserve Fund	90,00,000
(iii)	Deposits	65,31,18,035
(iv)	Other Liabilities consisting of Acceptances, Endorsements, Bills Payable, Bills for Collection, Etc.	12,69,54,164
	Total ..	79,78,22,199

ASSETS			
(i)	Cash and Balances with Bankers ..		7,47,49,531
(ii)	Investments		
	(a) Securities of the Central and State Governments and other Trustee Securities ..	Rs. 35,24,28,079	
	(b) Other Investments ..	Rs. 89,98,924	36,14,27,003
(iii)	Loans and Advances		25,54,91,216
(iv)	Other Assets including Bills Receivable etc.		10,61,54,449
	Total ..		79,78,22,199

B. N. PURI, General Manager

SERVING THE COUNTRY THROUGH 300 OFFICES







It's time you realised..

that after a certain age you will have to retire and your age will keep any profitable occupation away from you.

In which case, would your savings be sufficient to enable you to enjoy a comfortable retirement?

Or would you regret that you did not put by enough when you had the strength and the means to do so?

Think now and choose your future. The Bombay Mutual agent will be glad to show you how you could draw a neat regular income when you retire!

THE BOMBAY MUTUAL LIFE ASSURANCE SOCIETY LTD.



Bombay Mutual Building, Hornby Road, Fort, BOMBAY 1.

EVERY POLICYHOLDER A SHAREHOLDER

BRANCH OFFICE: Connaught Place, Post Box No. 357, NEW DELHI.

THE UNITED COMMERCIAL BANK LTD.

Head Office : CALCUTTA.

PAID-UP CAPITAL : Rs. 2 CRORES.
RESERVE FUND : Rs. 80 LACS.

The Bank receives deposits, gives advances against approved securities, purchases bills, sells drafts and telegraphic transfers and transacts all types of Foreign Exchange business. Through its internal and external net-work of branches and world-wide arrangements it provides every kind of banking service.

G. D. BIRLA
Chairman.
B. T. THAKUR
General Manager.

INVEST IN OUR 3-YEAR Cash Certificates

ASP UC-2/54



LEIPZIG FAIR 1954 and Technical Fair

For information and details apply to:

Associated Chambers of Commerce of India
2, Clive Street, Calcutta.
Indian Chamber of Commerce
Security House, Netaji Subhas Road, Calcutta.
Indian Chamber of Commerce
13/73, Oppanakara Street, Coimbatore.
United Chamber of Trade Associations
Chandni Chowk, Delhi.
Madras Chamber of Commerce
Dare House, First Line Beach, Madras.
Federation of Indian Chambers of Commerce & Industry, 28, Ferozshah Road, New Delhi 5.

BUSINESS NOTES

RATIONALISATION BY DEGREES

The bogey of large-scale unemployment and misery resulting as a direct and immediate consequence of rationalisation may have been raised by trade union leadership to stiffen labour attitude against the introduction of up-to-date machinery and equipment. But it is difficult to ignore the fact that part at least of the prejudice against rationalisation is due to the faulty approach to this problem and the erroneous manner in which it has been discussed. Two spokesmen, who are entitled to speak with authority on the subject and therefore to bring a sense of proportion to bear upon their expression of views, have pleaded for an outlook of realism in considering the issue. Mr. Shantilal Shah, Bombay's Labour Minister, did not mince words and made it plain that outright opposition to rationalisation could not but be regarded as irrational and therefore impracticable. The question was really one of as painless a process of adjustment as practicable.

Mr. A. D. Shroff, speaking in another context, put the facts in a more comprehensible manner than the Minister and he argued the case for rationalisation on a practical plane. The scare of sudden and large-scale unemployment flowing from rationalisation was created by a totally mistaken approach. The question must be considered in its true perspective and in a thoroughly objective way. The first and basic fact that would at once be apparent is that sudden and large-scale rationalisation in the textile industry round which the controversy currently revolves (and, for that matter, in any industry) is just not practicable. The limitations of finance for it are extremely severe. The industry cannot raise finance in Bombay of Rs. 80 crores—which is the Cotton Textile Working Party's estimate of its requirements of replacement of plant and machinery there—and in the nature of events the process of replacement, involving a good measure of rationalisation, must inevitably be spread over a reasonable period of time. There is no alternative to it. It would be idle to pretend that rationalisation achieved in stages will not involve any saving in manpower, but the process of reduction will be free from violent jerks. In the meantime, however, the trend towards unemployment will be offset substantially by a large demand for cloth which cheaper production costs cannot fail to stimulate. Speaking for the workers, majority of whom will be immune from displacement, work with complicated machinery will raise their wages. The processes of cheaper prices, larger demand (and with it, increased employment) and larger purchasing power work their way simultaneously. Mr. Shroff was right in laying emphasis on the fact that this was no abstract reasoning, but actual experience of industrialised countries.

FIRST YEAR OF PUNJAB FINANCE CORPORATION

The report of the Punjab State Finance Corporation for the first year ended 31st March, 1954, discloses that the Corporation has made a modest and reassuring start in providing accommodation to medium-sized industries. The total number of applications for loans received was 84 for an aggregate amount of Rs. 1.08 crores out of which, in the first year, 20 applications in respect of loan for Rs. 28.52 lakhs were sanctioned. But making allowance for the cancellation of 4 applications for Rs. 3.45 lakhs subsequent to the sanction, effective provision of credit comes to Rs. 25.07 lakhs for 16 units.

Differential rates of interest are charged as a matter of principle—the rate of 7 per cent being charged for loan amounts of Rs. 2 lakhs or below and 6½ per cent for amounts in excess of Rs. 2 lakhs, with a proviso for payment of rebate of ½ per cent in case of regular repayments of loan instalments. The minimum and maximum limits fixed last year for an individual loan were Rs. 12 thousand and Rs. 7.5 lakhs. It is not clear from the Press summary of the report how many applications were sanctioned loans in excess of Rs. 2 lakhs nor is the allocation of loans industry-wise available. An amount of Rs. 29.4 thousand was repaid during the year. Net profit, before providing for taxation, came to Rs. 71.5 thousand out of which Rs. 51 thousand were earmarked for tax payment, Rs. 5 thousand for carrying to the Reserve Fund and Rs. 15.5 thousand were to be paid as dividend. At the guaranteed rate of 3 per cent per annum on the share capital, the total dividend comes to Rs. 2.24 lakhs. The Punjab Government will, therefore, be called upon to contribute a little more than Rs. 2.08 lakhs towards the dividend amount.

The gap between the total sanction of Rs. 25.07 lakhs and actual disbursements of Rs. 8.84 lakhs is understandable. Debtor firms prefer to minimise the interest charges by drawing upon amounts just necessary for their purpose. The Corporation, on its part, can exercise caution and discretion regarding the payment of the balance by keeping track of the actual utilisation of the loan amounts, at least in big cases. But it appears that some other causes of lag in payments disclose lack of enforcement of due precaution. In some cases, registration of applicant firms under the Industries (Development and Regulation) Act 1951 was made subsequent to sanction of loans and was the cause of delay. In still another group of cases, assets of the applicants were not valued in time by the Corporation's assessors and loan amounts, once sanctioned on the statement of the applicants, had to be scaled down on the assessors' valuation.

OUTLAY ON ACQUISITION OF ADDITIONAL TONNAGE

The statement of Mr. O. V. Alagesan, Deputy Minister of Railways and Transport, during question hour on 5th April last in the House of the People, about the need to step up the expenditure in the Five-Year Plan on the acquisition of additional ships, either by means of construction at Visakhapatnam or in foreign yards, or by import of second-hand vessels, does not serve to clarify the position in the least. On the contrary, it gives a clear impression of confusion over the subject. The particulars furnishd by Mr. Alagesan on the progress of expenditure on acquisition of more vessels are tabulated below:

Allocation and Actual Expenditure on Additional Shipping

(In Crores of Rupees)

	Outlay provided in the Plan	Actual expenditure
Loans for purchase of ships from abroad for coastal shipping	4.00	2.55
Loans for construction of ships at Visakhapatnam yard	4.50	1.13
Loans for purchase or construction of ships abroad for overseas shipping ..	6.50	1.83
Government investment in additional ships for the Eastern Shipping Corporation	4.40	1.66
TOTAL	19.40	7.17

The Deputy Minister has further stated that a fresh order for the construction of a lot of five ships to be placed with the Visakh yard is under consideration and it may be presumed that it will materialise. In that event, the limit of loans for this purpose will have to be raised by Rs. 2.23 crores. The present gap between the planned outlay and actual expenditure, in so far as it can be judged from the above statement, is

of the order of Rs. 12.23 crores. Allowing for the expansion of building programme at Visakh, it will not be appreciably reduced. In the face of this position, Mr. Alagesan's categorical assertion that the outlay in the present Plan will have to be increased to Rs. 24 crores cannot be understood. Is it implied that the tempo of tonnage acquisition is going to be speeded up in the remaining two years of the Plan on an extraordinary scale or is the balance of the present outlay, which will be carried to the next Plan, to be computed as exhausted in the first Plan?

MADRAS LEGISLATION ON ELECTRICITY

Among the States which ventured upon an ambitious programme of nationalisation of electricity undertakings, Madras ranked foremost. The ostensible objects of nationalisation there were specifically declared to be to give a distinct bias to expansion of electricity-supply in the direction of rural electrification and electrification in areas with small and medium industry-potential other than thickly populated cities and towns. It was the claim of the State Government that neither the private investors nor organized bodies like local self-government institutions, which were the chief investors in this industry, would find these objectives worthy of their investment for lack of an attractive rate of return. Rural electrification has made greater progress in the South than in other parts of India, but it does not by any means prove that nationalisation is a salutary prescription for a rational system of electricity development. The way in which its development has been hamstrung in Bombay State, despite the readiness of private enterprise to risk capital in it with clear knowledge of probable nationalisation in the not distant future, just because the State Government has taken an intransigent attitude, is a clear pointer on the issue.

The Madras Government, on past experience, feels justified to place confidence in its ability to push through the development of electricity in the urban areas as well as in the countryside under government auspices. The "State Gazette" has recently published the Madras Electricity Undertakings (Acquisition) Bill 1954 for this purpose. It may be recalled in this context that the progress of electricity nationalisation was halted as the Act of 1949 on the subject was declared ultra vires in respect of certain provisions. These provisions related to the appointment by the State Government of accredited representatives in the undertakings for certain defined functions and to the differential treatment meted out to the units in respect of payment of compensation. There was also the technical objection to enact the law without a prior notification by the Governor-General about it under S. 104 of the Government of India Act 1935, under which the old Act of 1949, was enacted. Since the power of acquisition of property for the purpose of the State Governments comes under the State list and principles of compensation under the concurrent list in the Constitution, the new Bill is being introduced now. Except for the impugned provisions, it incorporates essentially the provisions of the 1949 Act.

CONCESSIONS ON CONTROLLED STEEL

Two recent decisions taken by the Government of India in respect of controlled categories of steel will be welcomed by users as offering liberal quotas and ironing out some of the hardships to which allottees of imported steel were subject.

The allocation of quotas for the third quarter of the current year—July to September—to different classes of consumers makes provision for a total quantity of 284,946 tons which is higher by 21,038 tons granted for the second quarter. The increased allocation is immediately related to the anticipated deliveries of U.S. steel under the technical co-operation agreement with that country. Actual experience has proved that it is not usually practicable to adhere to quotas once allotted and subsequent increases in demand are always pressed with the authorities. The larger arrivals this time have made it possible to accommodate the higher requirements in some measure. On these considerations, the quotas allotted are as follows: Railways 64,211 tons, industrial maintenance and packing 26,695 tons, steel processing industries 94,414 tons, Government development schemes 41,926 tons, private industrial development schemes 9,574 tons, agriculture 20,000 tons (excluding 6,000 tons of defectives), States (non-agriculture and cottage industries) 20,126 tons and export 2,000 tons. The departmental procedure for factories on the Central list has been simplified and expedited by enabling them to obtain quota certificates direct from the Iron and Steel Controller.

The genuine grievance of industrial consumers and fabricators in North-Western India in respect of the incidence of rail freight charges has been redressed to a considerable extent. Since the loss of Karachi on partition, the freight charges they are required to pay have risen from the pre-partition rate of about Rs. 68 per ton to Rs. 85 per ton. The Government has declared that, effective from 10th May, 1954, the maximum extra charges payable by purchasers of controlled categories of iron and steel for railway freight will be limited to Rs. 60 per ton in respect of rail-head stations within India. The significance of this cost ingredient of railway freight charges lies in the fact that the notified selling prices of steel are fixed with reference to the main ports and prices payable at any inland station are determined by adding the freight charges from the nearest main port to the selling price.

CO-ORDINATION OF CIVIL AVIATION IN EUROPE

The Conference of government officials of Western European countries on civil aviation, which is currently in session at Strasbourg under the auspices of the Council of Europe, marks the culmination of the exchange of views between the participating Governments on the crisis of civil aviation in Western Europe. In the recent past, practically all the airlines of these countries, plying the trade in Europe, are losing—some of them heavily. It is only the strategic importance of civil aviation which has made survival possible for most of them, because, precisely on this consideration, the airlines are paid direct subsidies or indirect subsidies via air mail by the Governments of their countries. Since Europe has been divided into so many sovereign nations and each has to maintain the second line of defence in the air, there was a scramble for business in international aviation on the Continent. The introduction of cheap tourist class was a glaring symptom of it. The trend of the discussions at the Strasbourg conference discloses that an attempt will be made, in all earnest, to establish a Western European aviation organisation to function, of course, within the International Civil Aviation Organisation on a regional basis. To prevent the eventuality of higher rates and fares, or heavier burden of subsidies on the tax-payer, this regional organisation will try to evolve some acceptable mode of co-ordination, regulated collaboration without necessitating merger or integration, allocation of frequency of operation and similar solutions among the airlines. The concrete, initial plan should be available after some time.

Civil aviation is a high cost mode of transport and the compulsion to move in step with successive stages of progress elsewhere makes it all the more so. The element of obsolescence adds to the costs. The experience of Western Europe in respect of financial losses could not be avoided by India's nationalised Airlines Corporation. But the problems are not all alike. The expanse of the Indian sub-continent, the suitability of geographical and atmospheric conditions and the absence of barriers of national frontiers are among the major factors which make the task of our air services much

free from complexities. These factors, however, are offset by some adverse features including the basic handicap of limited traffic potential. Last week's decision of the Corporation to change over to an integrated organisation by abolishing the lines system proceeds on the right lines. It should be followed by economies in use of physical assets.

STEEL OUTPUT DOWN

In the Calcutta and Bombay Stock Exchanges last week steel scrips were the subject of distinct set-back, and considering their wider impact, market sentiment also was subject to adverse repercussion. The set-back was sharper in Calcutta due to the steeper fluctuations in the prices of Indian Iron, whereas in Bombay the range of variation was a shade less steep. Prices were seen to be easier and total turn-over was, of course, more restricted than in the past few weeks. This was because the mid-week brought news of sizable fall in the output of both the leading steel producers. Market sentiment is usually sensitive to short-term trends, but this fact can offer no consolation for the decline in the production of a basic industry even in the course of one month.

The output figures for the month of April last reveal a substantial fall in the production of Indian Iron and Steel Company. Output of pig iron in April 1954 was 61,950 tons compared with 65,000 tons in March last. Steel ingots suffered a sharper decline from 47,550 tons in March to 41,070 tons in April this year. Finished steel had a similar record of downward trend from 29,940 tons in March to 23,960 tons in April, whereas semi-finished steel for sale fell from 14,620 tons in March to 13,640 tons in April.

Lower out-turn of semis and finished steel explains similar substantial decrease in Tata Iron and Steel Company's production of steel from 60,800 tons in March last to 54,800 tons in April. The corresponding figure for April 1953 was conspicuously higher at 65,000 tons. The short-fall in pig-iron production was much steeper from 94,000 tons in March last to 83,200 tons in April, 1954, the figure for April 1953 being as high as 97,000 tons. The output of steel ingots fell from 89,700 tons in March 1954 to 77,500 tons last month, which bears a very poor comparison with the production in April last year of the order of 83,100 tons. This adverse trend in the case of TISCO cannot be anything more than a temporary phase in the production trends. The short-fall in output, the management assures, was attributable directly to technical reasons taking the form of breakdown of equipment. The defects have now been removed by repairs. Only a month more will decide how the set-back has been rectified.

SYNTHETIC PETROL SCHEME LOSING GROUND?

The Prime Minister informed the Council of States that a committee of experts and non-experts under the chairmanship of Mr. K. D. Malaviya the Deputy Minister concerned, had been set up to study the various reports and schemes for the manufacture of synthetic petrol and advise the Government on what should be done. Prior to that Mr. Malaviya had disclosed that valuable data and experience had been gained in the research on laboratory scale on production of synthetic petrol by the Fischer, Tropsch and Bergius processes carried out at the Fuel Research Institute, Digwadih. Mr. Malaviya said he had also heard of some experiments being carried on at Jamshedpur for the production of synthetic petrol. With reference to the American experts' investigation in 1948 and the submission of a report, the Prime Minister said the Government had the views of a number of experts on the subject. Everyone knew that petrol could be produced out of coal. Even the processes were known. The manufacture was, however, very expensive and they could not undertake it without foreign assistance. In view of its cost it had also to be considered whether the country could afford it and whether priority could be given to it with the country's limited resources. The Cabinet's decision on this project must await the recommendations of the committee which is currently studying the different views and reports.

DRAFT STANDARDS FOR BICYCLE COMPONENTS

Blueprints of national standards for various bicycle components prepared by the Indian Standards Institution are now under circulation to experts in India and abroad. This marks an advanced stage in the preparation of final standards for bicycle components by the Institution. The Institution undertook the preparation of these standards at the request of the Tariff Commission and in consultation with the Development Council for the Bicycle Industry set up last December by the Ministry of Commerce and Industry. The standards when finalized are expected to rationalize and improve the quality of indigenous production in this protected industry which at present meets nearly 50 per cent of the country's estimated demand of 4,00,000 bicycles.

The proposed standards aim at making various components interchangeable, thus simplifying replacement. There are at present certain interchangeable parts manufactured by various producers, but for a number of components each factory appears to have its own specification. Since the industry is yet in its infancy, it is expected that it would easily move to the production of parts which are interchangeable. The nine draft standards circulated are for: (1) handle bars of the expander type, (2) frames for bicycles, (3) bicycle seat pillars of the straight type, (4) bicycle chains, (5) bicycle pedal assembly with three nominal pedal length of 3½, 4 and 4½ in., (6) front and rear hub assemblies, (7) five sizes of bicycle rims suitable for tyres of sizes 24 x 1¾ in., 26 x 1¾ in., 28 x 1½ in., 26 x 1¾ in., and 28 x 1¾ in., (8) basic dimensions for bicycle spokes and physical characteristics and recommended chemical composition of the material to be used in their manufacture and (9) basic dimensions for nipples for bicycle spokes and physical characteristics and recommended chemical composition of the material to be used in their manufacture. These components prescribed are suitable for two standard sizes of bicycles, viz, 22 in. and 24 in.

Comments on these proposed standards for bicycle components are invited by the end of June next.

READJUSTMENT OF EXPORT DUTIES

The Finance Ministry has announced that the Government of India has decided to readjust export duties in respect of the following commodities. The export duty on mustard oil, rapeseed oil, linseed oil, kardiseed oil, nigerseed oil and cottonseed oil has been abolished. Castor oil has been exempted from so much of the duty as is in excess of Rs. 200 per ton. Black pepper has been exempted from so much of the duty as is in excess of Rs. 65 per cwt. The export duty on cigars and cheroots has been abolished. Kardiseeds and nigerseeds which were exempt by notification from the payment of any duty, will again pay duty at the rate of Rs. 150 per ton as the concession is withdrawn. All these changes take effect from May 12.

The Press note issued by the Finance Ministry in this behalf says that in accordance with its policy of keeping export duties under constant review, the Government of India had after examination decided to readjust export duties in respect of the above commodities.

COMPANY AFFAIRS

THE SURAT ELECTRICITY CO., LTD.

The working results of the Surat Electricity Co., Ltd., (Managing Agents: Killick Industries Ltd.,) for the half-year ended 31st December, 1953, show a slight decline in trading profit from Rs. 5.58 lakhs to Rs. 4.99 lakhs. The ordinary dividend has, however, been maintained at 9 per cent per annum.

Total sales of energy have nearly doubled during the last four years. The table below gives the kilowatt hours sold from 1950 to 1953.

Year	Kilowatt hours sold.
1950	12,914,300
1951	14,819,462
1952	16,652,609
1953	23,619,224

Net earnings from the sale of energy, as disclosed by the profit and loss account, show a very steep rise from Rs. 25.34 lakhs in 1951 to Rs. 40.01 lakhs in the year under report. Cost of energy purchased which was zero in 1951 was as high as Rs. 17.96 lakhs in 1953, whereas the cost of liquid fuel has dropped by Rs. 9 lakhs from Rs. 12.04 lakhs to Rs. 3.07 lakhs. The bill for salaries and wages has been mounting up from year to year. The figures are:

1951	Rs.	6,07,668
1952	„	6,60,815
1953	„	8,05,590

The balance sheet discloses the gross block at Rs. 91.71 lakhs. Total depreciation written off being Rs. 29.48 lakhs, the net block stands at Rs. 62.23 lakhs.

UPPER JUMNA VALLEY ELECTRICITY SUPPLY CO., LTD.

The audited accounts of the above electricity company (Managing Agents: Messrs. Martin Burn Ltd.) for the half-year ended 30th September, 1953, show a profit of Rs. 62,274 as against a profit of Rs. 96,099 in the earlier half-year. The directors have recommended maintenance of the dividend at 10 per cent per annum and an additional payment of As. 2 per share of Rs. 10 each. The table below shows that normal progress has been made during the half-year under review.

Half-year ended	Units Sold	Revenue
		Rs.
31-3-1951	3,185,992	6,39,499
30-9-1951	3,339,707	6,53,129
31-3-1952	3,174,549	6,49,675
30-9-1952	3,635,698	6,66,947
31-3-1953	3,537,022	6,96,433
30-9-1953	3,659,582	6,96,992

BRIDGE AND ROOF CO., LTD.

The working results of the Bridge and Roof Co. (India) Ltd. (Managing Agents: Balmer Lawrie and Co., Ltd.) for the half-year ended 31st December, 1953, disclose a profit of Rs. 1.90 lakhs after providing for depreciation, taxation and debenture interest. The directors have set aside Rs. 1.50 lakhs for general reserves and have recommended dividend at the rate of 15 per cent per annum absorbing Rs. 90,000.

CAREW AND COMPANY LTD.

The directors' report of the Carew and Co., Ltd., (Managing Agents: Gladstone Lyall & Co., Ltd.) for the year ended 30th June, 1953, shows a profit of Rs. 8.57 lakhs after payment of forfeited dividend of Rs. 2,724, The directors have provided Rs. 4.77 lakhs for taxation and have proposed payment of all arrears of dividend on the preference shares, including the dividend for the year ended 30th June, 1953. A sum of Rs. 2.00 lakhs has been transferred to the debenture redemption reserve fund.

KANKNARRAH AND KAMARHATTY JUTE COS.

The latest audited accounts of Kanknarrah and Kamarhatty Jute Companies, both managed by Messrs. Jardine Henderson Ltd., for the half-year ended 31st December, 1953, show a sharp decline in profits with the result that the ordinary dividend has been cut by 50 per cent in both the cases. During the early part of the half-year under reference, trading conditions were difficult but with the announcement of a reduction in export duty on hessians by Rs. 155 per ton on 15th September, 1953, the prospects brightened. Large purchases of hessian by Argentina helped to improve the values of this product. Heavy goods, however, failed to benefit from any similar rise in values and with the upward trend of raw jute prices sales of heavy goods were unremunerative resulting in less profitable margins.

Kanknarrah has reported a profit of Rs. 5.16 lakhs after taking credit of Rs. 1,00,000 being commission waived by the managing agents and before providing for depreciation and taxation. The corresponding figure in the preceding accounting period was as high as Rs. 10.94 lakhs. The directors have reduced the provision for taxation from Rs. 5.05 lakhs to Rs. 1.90 lakhs and the provision for depreciation from Rs. 2.50 lakhs to Rs. 1.00 lakh. An additional provision of Rs. 90,000 has been made for contingencies. The net available surplus stands at Rs. 2.60 lakhs. This compares unfavourably with the net disposable profit of Rs. 4.23 lakhs in the earlier half-year. The directors have proposed, as usual, payment of Rs. 3 per share as dividend for the preference shares absorbing Rs. 30,000. The ordinary dividend for both 'A' and 'B' categories has been scaled down from Rs. 5 to Rs. 2-8.

The Kamarhatty has reported a net profit df Rs. 5.82 lakhs as against Rs. 8.38 lakhs in the preceding half-year. Provision for depreciation has been stepped down from Rs. 1.50 lakhs to Rs. 1.00 lakh and the provision for taxation from Rs. 3.55 lakhs to Rs. 2.10 lakhs. The available surplus for distribution at Rs. 2.42 lakhs compares rather unfavourably with the disposable profit of Rs. 4.00 lakhs in the earlier half-year. Preference shareholders get the usual dividend of Rs. 3 per share, while the ordinary dividend has been slashed from Rs. 6 to Rs. 3 per share. The working results of both the jute companies during the last three half-years are summarised in the table below:

	KANKNARRAH			KAMARHATTY		
	(Lakhs of Rupees)					
Half-year ended	31-12-1952	30-6-1953	31-12-1953	31-12-1952	30-6-1953	31-12-1953
Sales	110.75	118.09	115.61	131.77	137.53	138.34
Manufacturing Expenses ..	79.64	67.74	74.12	97.32	80.10	86.83
Salaries and Wages	30.03	29.55	30.73	33.07	33.07	34.80
Provision for depreciation ..	1.00	2.50	1.00	1.50	1.50	1.00
Provision for contingencies ..	..	..	0.90	..	..	1.10
Provision for taxation ..	2.30	5.05	1.90	3.55	5.90	2.10
Ordinary dividend rate per cent per annum	8	10	5	12	12	6

COMMODITY NEWS AND NOTES

SECOND ESTIMATE OF RAPE AND MUSTARD

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India second estimate of rape and mustard for 1953-54 puts the current year's area at 2,084,000 acres as against 2,044,000 acres of the adjusted second estimate for the last year, thereby showing an increase of 40,000 acres or 2.0 per cent in area over last year. The increase in acreage under rape and mustard during the current year has occurred mainly in the Punjab, West Bengal, Bihar and Bombay and is due to favourable weather conditions at the sowing time. This increase has, however, been offset considerably by the decreases reported by P.E.P.S.U., Uttar Pradesh and Rajasthan due to lack of adequate oil moisture at the time of sowing.

The information given in this estimate relates to the period up to the end of February 1954. Till then, the condition of the crop was reported to be generally satisfactory. This estimate relates to the area sown exclusively to this crop. Data about mixed sown areas are given in the final estimate only. Past experience has shown that the area given in this estimate forms roughly 40 per cent of the area under the crop finally reported.

FIRST ESTIMATE OF RABI PULSES

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India first estimate of rabi pulses, other than gram and gur, for 1953-54 puts the current year's area at 10,048,000 acres, as against the adjusted first estimate of 9,430,000 acres for 1952-53. The current year's estimate, compared to last year's, thus shows an increase of 618,000 acres or 6.6 per cent in area. The increase in acreage has occurred mainly in Orissa, U.P. and Bihar and is due to sufficient and timely rains at the time of sowing. This increase has, however, been offset, to some extent, by decreases reported mainly by Assam, the Punjab and Hyderabad. As between the various pulses, while substantial increases have taken place in the area under peas and lakh or khesari, the area under mung and kulthi has registered an appreciable decline. This estimate covers the period generally up to the end of December, 1953. Till then, the condition of the crop was reported to be generally satisfactory except in some parts of Madhya Pradesh and Bombay, where the crops were reported to have been affected by inadequate rainfall and pests. This estimate does not cover the entire area sown to rabi pulses, other than gram and tur, during 1953-54. Past experience has shown that the area at the first estimate stage forms roughly 85 per cent of the area under the crop finally reported. This estimate includes, for the first time, information in respect of Bihar, Mysore and Tripura, which together account for an area of 2,937,000 acres under the crop during 1953-54.

NEW SUGAR FACTORIES

In pursuance of their policy to increase the local production of sugar, the Union Ministry of Commerce and Industry issued a Press note recently inviting applications from parties interested in the establishment of new factories, expansion of existing ones and the establishment of refineries. The applications were required to reach the Ministry before May 1, 1954. Since the time was inadequate, time limit has been, therefore, extended up to May 31, 1954.

PUBLICITY DRIVE FOR INDIAN TOBACCO

The Tobacco Export Advisory Sub-Committee has recommended publicity drive abroad for Indian Tobacco through Indian missions. It decided to urge the Government to send tobacco trade delegations to countries outside India. It recommended that propaganda literature, photographs, charts and samples should be sent to Indian Government trade representatives for display in their show rooms. Emphasis was also laid on the need for further improvement in quality.

U.S. POLICY FOR RUBBER STOCKPILE

The U.S. Government announced recently a permanent rotation policy for the natural rubber held in the American stockpile. The new programme covers the sale of natural rubber from the stockpile to domestic manufacturers. The new programme would become effective immediately, and under it the U.S.A. would limit to 5,000 long tons a month the "upgrading" of its rubber stocks. There was, however, no limit on rotation of rubber because of deterioration. The term upgrading is defined as "the replacement of rubber not meeting permanent stockpile specifications with rubber meeting such specifications or the replacement of a specification grade of rubber by a high grade of the same type." Before December, 1953, General Services Administration was "upgrading" 10,000 tons of natural rubber a month but then agreed to cut its sales to half. This measure, which has been made permanent now, was welcome to Indonesian and Malayan producers who had been complaining of Government's competition, with their rubber.

The objective of this policy was to maintain the national stockpiling of crude natural rubber at the most economical cost and at the same time to accomplish the necessary rotation of rubber stocks with the least possible effect on the rubber market. A spokesman of General Services Administration commented on the programme that "the problem we are endeavouring to solve is one of great mutual concern to the U.S. Government, the rubber trade and industry of this country and the producers of the Far East."

SOUTHERN RHODESIAN TOBACCO

An agreement between the Southern Rhodesia Tobacco Marketing Board and the U.K. Board of Trade provides that 410 million pounds of tobacco will be made available to British tobacco manufacturers over the next five years—85 million pounds in each of the years 1954 and 1955 and 80 million pounds in each of the years 1956-58. The 1954 tobacco crop in Rhodesia is expected to be of better quality than the crops for many years past, and the total weight is estimated at 120 million pounds.

PAKISTAN JUTE ACREAGE TO BE DOUBLED

Jute acreage in Pakistan in the coming season is expected to be doubled. The Pakistan Jute Board is reported to have informed Government that there is a steady demand for Pakistan's jute and it is likely that there will be no carry-over from the present season. Pakistan, which produced about 2½ million bales of jute this year, may produce 6 million bales next season to cope with the world demand.

SPICES INQUIRY COMMITTEE REPORT

The Union Minister for Agriculture stated recently in Parliament that the Spices Inquiry Committee had made separate recommendations in regard to each of the six crops investigated by it. The main recommendations of the Committee were: (i) that a Central Development Fund should be set up for developing the production and marketing of pepper and cashewnut, which were the most important dollar-earning commodities, according to an integrated ten-year plan, (ii) special agencies should be set up in the U.S.A. and the U.K. for publicity and sales promotion, and (iii) Central and State Advisory Committees should be set up to organise development of spices.



No textbook can teach you to *speak* a foreign language correctly. The Linguaphone method gives you the rhythm, the lilt, the everyday speech of the ordinary people. It takes you into the conversational atmosphere of the boulevard and the cafe.

Spend fifteen minutes a day and in a few months you can express yourself freely in any language you choose (31 *languages available*). Write today for details of this unique method of language study.

LINGUAPHONE

FOR LANGUAGES

Linguaphone Institute (India) Ltd.

Dept. 11 /FX, 359 Hornby Road, Bombay 1.

THE

HIND BANK LTD.

9, ROYAL EXCHANGE PLACE, CALCUTTA.

FOR COMPLETE BANKING SERVICE

SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 22,00,000

Connections in all principal centres of the world

Chairman Mr. K. P. GOENKA — General Manager Mr. S. D. PARDIWALLA.

COTTON YARNS

OF ALL DESCRIPTIONS

FOR HANDLOOM, POWERLOOM & HOSIERY FACTORIES

MADURA MILLS COMPANY, LIMITED

Phone: 250 (5 lines) MADURAI Grams: "HARVEY"

MILLS AT

MADURAI, TUTICORIN AND AMBASAMUDRAM

5,00,000 Spindles **Counts up to 80s**

SPECIALITIES

WARP YARNS, COMBED YARNS, HOSIERY YARNS,
SINGLE & FOLDED YARNS: CONE, CHEESE OR HANKS

Yarns for the Manufacture of

ROPES—HEALDS—CANVAS—TAPE

Sewing Thread Yarns & Multi-ply yarns

CORD YARNS FOR TYRE MANUFACTURE

Managers :

A. & F. HARVEY LIMITED
MADURAI

Phone: 420 (4 lines) S. I. Grams: "HARVEY"

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.4	359 2	367.4	686.6	397.5	90 4	100.6	87.4	95.7
July 1953 ..	406.4	480 5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441 4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ,, c ..	381.6	472.1	362.4	380.9	704.4	402.6	..	..	..	..
Week Ending										
27-3-1954 ..	378.0	461.4	357.2	375.8	690.0	396.8	90.4	101.4	88.1	102.6
3-4-1954 ..	380.5	464.0	358.7	378.7*	703.9	399.6*	90.6	101.4	88.3	102.9
10-4-1954 ..	389.0	472.2	359.9	380.6	706.3	404.4	90.7	101.4	88.3	103.5
17-4-1954 ..	381.6	477.3*	365.1	381.5	713.2	404.2*	90 7	101.3	88.4	104.5
27-4-1954 ..	375.5	474.7	366.3	382.7	706.2	402.4	90 4	101.3	88.3	104.4

c Average of weeks. *Revised.

†Economic Adviser's Series. ††Reserve Bank Series.

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	—	—	—	—	196	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	3'0	151	154	144
1953	346	363	275	140	349	453	387	147	351	147	156	145
1953 March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	141
1954 January	346	363	269	139	325	442	377	144	353	—	—	142
February	331	348	257	139	316	432	—	—	353	—	—	—
March	332	349	257	138	319	416	—	—	345	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 8-5-1954			1-5-1954			24-4-1954			17-4-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	93- 4	90-13	91 15	94-10	92-15	93-14	93-14	91- 4	92 9	94-10	93- 0	93-14
Silver (per 100 fine tolas)	170-14	166- 0	168- 1	172- 4	169- 4	171- 1	170-12	165-14	168- 3	173- 7	169- 5	170-14

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52:91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
July 1953	1,119,03	37,54	1,156,57	40,02	591,15	631,17	54.57	91,54	433,86	1,156,57
August ,,	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1.116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1.174.68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
March ,,	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57.22	93,12	421,34	1,202,63
Week Ending										
26-3-1954	1,185,92	17,23	1,203,16	40,02	648,15	688,17	57.20	93,65	421,34	1,203,16
2-4-1954	1,207,74	10,63	1,217,67	40,02	658,15	698,17	57.34	98,16	421,34	1,217,67
9-4-1954	1,226,28	10,67	1,236,95	40,02	678,15	718,17	58 06	97,44	421,34	1,236.95
16-4-1954	1,230,00	6,94	1,236,94	40,02	678,15	718,17	58.06	97,44	421,34	1,236,94
23-4-1954	1,220,68	16,76	1,237,44	40,02	678,15	718,17	58.04	97.94	421,34	1,237,44
30-4-1954	1,217,19	20,40	1,237,58	40,02	678,15	718,17	58.03	98,08	421,34	1,237,58

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	485
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	414
	(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
Average of Fridays														
July 1953	104,61	26,70	45,30	60,66	237,26	20,03	267,29	37,71	9,27	116,38	3,33	11,76	81,98	6,86
August ,,	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22,49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
March ,,	80,90	42,08	40,44	42,99	206,41	24,92	241,32	12,72	10,46	99,86	1,12	39,83	68,70	8,64
Week Ending														
26-3-1954	65,77	62,59	42,41	43,76	214,52	25,08	249,60	17,55	10,74	104,82	51	41,10	66,16	8,72
2-4-1954	63,59	38,95	42,06	44,66	189,26	27,06	226,32	10,84	11,33	96,04	1,01	32,30	65,84	8,96
9-4-1954	60,61	27,08	42,33	45,38	175,40	27,33	212,72	10,96	14,75	74,77	1,66	36,60	64,99	9,00
16-4-1954	51,33	29,60	42,14	45,38	168,45	30,08	208,53	7,21	14,58	74,18	98	37,90	64,65	9,02
23-4-1954	60,27	28,67	44,21	45,59	178,74	28,72	217,46	17,04	13,00	73,71	1,65	39,31	63,65	9,09
30-4-1954	86,77	28,31	40,05	45,06	200,19	26,56	236,76	20,70	11,22	74,65	75	53,94	66,70	9,41

Note: Figures in brackets relate to Pakistan. **Inclu des Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Friday's.

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	16,44	45.10	..
1949-50 ..	597,79	272,59	870,38	34,47	65,85	11.53	426,74	15,35	50.79	..
1950-51 ..	599,13	278,45	877,59	34,68	60,78	10.88	447,03	11,87	52.29	..
1951-52 ..	593,73	290,82	884,55	37,33	57,29	10.70	523,59	22,81	61.77	303,49§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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	54.56	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
Week Ending										
2-10-953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39,87	53.83	333,57
9-10-953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16-10-1953 ..	520,35	332,92	853,27	30,06	50,34	9.42	420,89	38,62	53.85	336,15
23-10-1195 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 .	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436,64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16
29-1-1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5-2-1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12-2-1954 ..	513,66	330,41	844,07	32,60	39,40	8.53	461,68	53.56	61.04	320,61
19-2-1954 ..	522,30	331.20	853,50	31,96	39,84	8.41	462,46	55.88	60.73	320,14
26-2-1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	458,52	62,59	61.19	319,23
5-3-1954 ..	522,74	330,71	853,45	32,13	37,38	8.14	461,30	66,30	61.82	318,76
12-3-1954 ..	525,76	329.57	855,34	31,75	40,19	8 41	466,18	64,16	62 00	318,03
19-3-1954 ..	518,74	327,14	845,88	30,93	38,60	8.22	470.51	66,51	63.49	317,10
26-3-1954 ..	528,89	327,57	856,46	32,07	40,83	8.51	469,85	68,34	62.84	318,87
2-4-1954 ..	541,51	325,41	866,93	31,38	50,45	9.44	472.23	73,27	62.92	318,83
9-4-1954 ..	539,86	327,84	867,70	31,26	41,56	8.39	477,93	74,23	63.64	316,33
16-4-1954 ..	542,20	328,06	870,26	33,00	41,07	8.51	481.61	75,13	63 97	312,38
23-4-1954 ..	545,57	328,71	874,28	33,45	41,96	8.63	481,30	76 83	63.84	313,93
30-4-1954 ..	536,92	328,47	865,39	32,43	40,52	8.43	487,30	75,93	65.07	322.85

*Undivided India §Average of weeks from November 1951 †Including Bills Discounted

ECAFE COUNTRIES (1) VOLUME OF EXPORTS OF SELECTED COMMODITIES

(thousand tons)

	1938	1948	1949	1950	1951	1952	1953(2)
Rubber	871	1,435	1,417	1,752	1,770	1,643	1,543
Tin-in-concentrates (3)	30	42	40	43	41	46	40
Tin metal	62	48	59	83	66	64	64
Jute, raw	..	413	392	612	672	812	1,004
Jute manufactures	947	941	772	648	805	720	..
Oilseeds and oils (4)	1,412	931	1,049	1,154	1,306	1,183	841
Cotton, raw	463	259	218	239	247	298	380
Cotton piecegoods(5)(million sq. metres)	2,563	596	1,016	1,951	1,552	1,126	1,165
Tea	356	319	377	361	412	382	355
Rice	5,358	2,198	2,500	2,801	3,230	3,083	2,563
Sugar	1,890	281	..	1,050	856	1,254	1,469

1. Data represent total exports of major producting countries which, in the case of individual commodities are as follows: **natural rubber:** Brunei, Burma, Ceylon, the States of Indo-China, Indonesia, Malaya (net export), North Borneo, Sarawak, and Thailand; **tin-in-concentrates:** Burma, Indonesia, and Thailand; **tin metal:** Malaya; **jute, raw:** Pakistan and India; **jute manufactures:** India; **oilseeds and oils:** Ceylon, Hong Kong, India, Indonesia, Malaya, Borneo and the Philippines; **cotton raw:** India and Pakistan; **cotton piecegoods:** India and Japan; **tea:** Ceylon, India, Indonesia, Japan and Pakistan; **rice:** Burma, China (Taiwan), the States of Indo-China, and Thailand; **sugar:** China (Taiwan), Indonesia and the Philippines.
2. Annual rate based on January-June figures.
3. Includes exports to Malaya.
4. Oil equivalent.
5. Length figures for India converted on basis of 1 yard width.

FAR EAST* QUANTUM OF TRADE IN AGRICULTURAL PRODUCTS

(Gross Export all Agricultural Products 1934—38=100)

	1934–38	1950	1951	1952
All Agricultural Products				
Gross Exports ..	100	76	79	68
Gross Imports ..	54	46	56	50
Net Exports ..	46	30	23	18
Food-stuffs				
Gross Exports ..	51	20	23	20
Gross Imports ..	31	23	31	30
Net Exports† ..	20	(—3)	(—8)	(—10)
Raw Materials				
Gross Exports ..	38	46	45	38
Gross Imports ..	21	22	24	19
Net Exports ..	17	24	21	(—19)
Beverages and Tobacco				
Gross Exports ..	11	10	11	10
Gross Imports ..	2	1	1	1
Net Exports ..	9	9	10	9

* Including Mainland China
† Figures in parenthesis represent net imports

ECAFE COUNTRIES (1) VALUE OF EXPORTS

(Monthly Averages)

(Millions of Dollars)

	Total(2)	Total
1950:		
January—June ..	78·4	432·2
July—December ..	600·1	682·9
1951		
January—June ..	783·1	893·4
July—December ..	604·6	720·1
1952		
January—June ..	548·5	662·3
July—December ..	498·0	596·3
1953 ..		
January—June ..	451·5(3)	552·2(3)

1. Including Malaya and British Borneo; Indonesia; Pakistan; Philippines; Ceylon; Thailand; Burma; Cambodia; Laos and Viet-Nam; China; Taiwan; Hong Kong; India; and Japan.
2. Excluding Japan.
3. Excluding Brunei and Sarawak.

Source: Economic Survey of Asia and the Far East 1953.

INDUSTRIAL PRODUCTION

List of industries which have shown increased production as well as increase in installed capacity during the years 1951, 1952 and 1953.

Name of Industry	Unit	Year	Capacity	Production
Aluminium Conductors Steel Reinforced ..	Tons	1951	2500	1720
		1952	4500	2381
		1953	6620	3290
Cylinder Liners (Wet and dry pistons) ..	Nos.	1951	Nil	Nil
		1952	Nil	Nil
		1953	120000	17318
Hoses (other than radiator and vacuum)	Feet	1951	3563400	347437 4
		1952	6940250	355577 2
		1953	7495300	436900 2
Fire Extinguishers ..	Nos.	1951	63000	22000
		1952	63000	20296
		1953	69000	20435
Hosiery Knitting Needles ..	,,	1951	Nil	Nil
		1952	960000	61000
		1953	3960000	210261
Power Distribution Transformers ..	KVA	1951	300000	195106
		1952	304000	214950
		1953	328000	311470
Stoves (Kerosene Oil Pressure) ..	Nos.	1951	57000	13591
		1952	111000	29429
		1953	141000	37612
Woodscrews ..	Gross	1951	1561000	796346
		1952	3316100	1330000
		1953	4636100	2369380
Wiregauze ..	Tons	1951	184	107
		1952	1314	494
		1953	1500	546
Welding Electrodes ..	Feet	1951	36000000	29300000
		1952	61000000	49836018
		1953	61500000	55600000
Caustic Soda ..	Tons	1951	27548	14722
		1952	34945	17058
		1953	39680	21760
Liquid Chlorine ..	,,	1951	13080	5268
		1952	13517	6239
		1953	17444	9286
Sulphathiazole ..	Lbs	1951	Nil	Nil
		1952	340920	12761
		1953	370920	29133
Glycerine (Crude) ..	Tons	1951	6320	4900
		1952	7200	5150
		1953	7675	5200
Sodium Sulphite ..	,,	1951	360	200
		1952	370	220
		1953	520	260
Isonicotinyl Hydrazide	Lbs	1951	Nil	Nil
		1952	3120	300
		1953	9120	1829
Stabilised Azoics ..	,,	1951	428880	32166
		1952	428880	56755
		1953	500000	94900
Solubilised Vats ..	Lbs	1951	28800	5894
		1952	28800	7276
		1953	48000	47000
Developing Salts ..	,,	1951	Nil	Nil
		1952	30000	20332
		1953	380000	139540
Tooth Paste ..	,,	1951	2700000	1227000
		1952	3500000	1351400
		1953	3616000	1429600
Sheet Glass ..	Sq.Ft.	1951	Nil	Nil
		1952	69000000	9043000
		1953	76320000	20000000
Shells for Lamps ..	Pcs.	1951	Nil	Nil
		1952	21600000	16650000
		1953	27400000	20000000
Thermosflasks ..	Doz	1951	Nil	Nil
		1952	32000	15324
		1953	77000	45400
Rayon ..	Lbs	1951	10000000	5410000
		1952	10000000	8040000
		1953	11200000	9680000
Pencils ..	Gross	1951	Nil	Nil
		1952	800000	150589
		1953	1100000	159500
Paper ..	Tons	1951	135295	131915
		1952	147500	137507
		1953	151000	137566
Cycle Tyres ..	Nos	1951	5984000	3941238
		1952	5533970	4189560
		1953	5582870	4753400
Waterproof Fabrics ..	Yds	1951	Nil	Nil
		1952	5460000	1295249
		1953	5740000	2171800
Rubber Footwear ..	Prs	1951	29144000	23052927
		1952	35525900	22799678
		1953	36559200	23158500
Power Alcohol ..	Gals	1951	12800000	5700000
		1952	12800000	7700000
		19 3	14900000	8100000
Oil Milling ..	Tons	1951	578688	121940
		1952	1232175	165104
		1953	1495000	194260
Glass & Glassware (Miscellaneous) ..	,,	1951	N.A.	N. A.
		1952	3000	1229
		1953	5553	1600
Stoneware pipes Stoneware jars ..	,,	1951	49200	30000
		1952	51456	33923
		1953	72216	35500

INDUSTRIAL PRODUCTION

List of industries where production had declined in 1952 but has improved in 1953 thus leading to fuller utilisation of installed capacity. Production of some of these industries during 1953 was much better than in previous years

Name of Industry	Unit	Year	Capacity	Production
Electric Fans ..	Nos.	1951	276500	212495
		1952	293600	195400
		1953	303000	201810
Brass & Copper Sheet, Circles & strips ..	Tons	1951	48000	16400
		1952	48000	9250
		1953	52300	11600
Aluminium Sheets, Circles & strips ..	,,	1951	7000	6985
		1952	8000	4927
		1953	9200	5180
Lead Sheets ..	,,	1951	2800	113
		1952	2800	44
		1953	3830	79
Zinc Sheets ..	,,	1951	300	36
		1952	300	19
		1953	4410	30
Looms (Plain, Auto, Semi-Auto & Drop Boxes) ..	Nos.	1951	3600	2711
		1952	3600	1946
		1953	4200	2086
Copper Sulphate ..	Tons	1951	1727	505
		1952	1949	338
		1953	1980	474
Mathematical Instruments (Geometry Boxes only) ..	gross	1951	30000	9041
		1952	37800	7449
		1953	37800	9810
Razor Blades ..	Nos.	1951	153000000	29200000
		1952	200000000	10733000
		1953	200000000	23121000
Steel Castings ..	Tons	1951	27000	10000
		1952	27000	9427
		1953	21000	10440
Steel Tubes ..	,,	1951	12000	458
		1952	20700	215
		1953	20700	300
Storage Batteries ..	Nos.	1951	318000	212621
		1952	350100	157843
		1953	350100	176120
Steel Structures ..	Tons	1951	119432	30486
		1952	128952	29120
		1953	128952	31517
Aluminium ..	,,	1951	4000	3849
		1952	4000	3556
		1953	4000	3759
Zip Fasteners ..	Feet	1951	900000	120605
		1952	900000	28023
		1953	900000	159075
Sulphuric Acid ..	Tons	1951	201320	106935
		1952	191970	96086
		1953	188420	104074
Soda Ash ..	,,	1951	54000	47528
		1952	54000	44322
		1953	54000	55822
Bleaching Powder ..	,,	1951	7800	3583
		1952	7800	792
		1953	7800	1929
Bichromates ..	,,	1951	5550	3271
		1952	5916	1463
		1953	5916	2343
Glycerine (Refined) ..	,,	1951	6500	2400
		1952	3500	2220
		1953	3500	2225
Calcium Lactate ..	Lbs.	1951	183700	89900
		1952	237400	53650
		1953	237400	69800
Bromides ..	Tons	1951	120	78
		1952	120	48
		1953	100	95
Sandalwood oil ..	Lbs	1951	334400	186835
		1952	334400	128180
		1953	292320	225935
Leather cloth ..	Yds	1951	5280000	2040000
		1952	5280000	950000
		1953	5280000	980000
Chrome tanning of hides	Pcs.	1951	1976400	879183
		1952	1976400	650305
		1953	1976400	676777
Indigenous type footwear ..	Pairs	1951	(Fluctuates	2073775
		1952	with the	1806197
		1953	demand)	2139446
Automobile tyres ..	Nos.	1951	864000	870198
		1952	945600	721690
		1953	925200	786400
Automobile tubes ..	,,	1951	864000	820985
		1952	945600	661659
		1953	925200	689100
Bicycle tubes ..	,,	1951	7130000	4897210
		1952	7845000	4166581
		1953	7790400	4723000
Vacuum brake hoses	,,	1951	591700	472425
		1952	1110000	443664
		1953	1020000	484700
Insulated cables ..	Yds	1951	45000000	41086585
		1952	45000000	32867125
		1953	45000000	48428854
Conduit pipes ..	Feet	1951	7560000	3968881
		1952	7560000	3694463
		1953	7560000	3778210
Enamel-ware ..	Pcs.	1951	21000000	8100000
		1952	25000000	7700000
		1953	25000000	8300000
Hurricane Lanterns..	Nos.	1951	4260000	3976671
		1952	4410000	3522973
		1953	4410000	4312382
Matchine tools ..	Value in Rs.	1951	10000000	4730699
		1952	10000000	4437000
		1953	13580760	4466789
Radiator hoses ..	Nos.	1951	579800	220906
		1952	409750	154932
		1953	470400	157500
Dry Cells ..	,,	1951	184500000	143358805
		1952	196500000	130181499
		1953	221500000	148346410
Hydroquinone ..	Tons	1951	21	9.0
		1952	21	4.8
		1953	21	7.2

(To be continued)

MONEY SUPPLY IN SELECTED COUNTRIES

	AUSTRALIA (Millions of Pounds)			CANADA (Millions of Canadian Dollars)			FRANCE (Billions of Francs)			INDIA (Billions of Rupees)		
	Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total
1939 ..	54	149	203	281	1,089	1,370	153	107*	260*	3.40	1.51	4.91
1950 ..	270	1,034	1,303	1,214	3,637	4,851	1,590	1,530	3,120	12.67	6.68	19.36
1951 ..	318	1,174	1,492	1,275	3,568	4,843	1,883	1,795	3,678	12.35	6.41	18.76
1952 ..	337	1,077	1,414	1,377	3,796	5,173	2,124	2,003	4,157	11.86	5.92	17.78
1953 ..	363	1,228	1,591	1,429	3,705	5,134	2,310	2,317	4,627	12.21	5 94	18.15
October 1952 ..	312	1,100	1,311	1,379	3,764	5,143	2,036	1,959	3,995	11.68	6.16	17.84
November ,, ..	314	1,041	1,355	1,383	3,746	5,129	2,248	1,959	4,007	11.61	6.16	17.78
December ,, ..	337	1,077	1,414	1,377	3,796	5,173	2,124	2,033	4,157	11.86	5.92	17.78
January 1953 ..	315	1,100	1,414	1,353	3,658	5,011	2,097	2,077	4,174	12.03	6.03	18.06
February ,, ..	317	1,158	1,475	1,369	3,632	5,001	2,105	2,057	4,162	12.19	5.99	18.18
March ,, ..	321	1,219	1,540	1,349	3,692	5,041	2,128	2,084	4,212	12.33	6.14	18.47
April ,, ..	325	1,225	1,550	1,361	3,867	5,228	2,127	2,093	4,220	12.60	6.14	18.73
May ,, ..	325	1,191	1,516	1,398	3,738	5,136	2,101	2,118	4,219	12.62	6.03	18.65
June ,, ..	327	1,173	1,500	1,378	3,836	5,214	2,142	2,146	4,288	12.33	6.03	18.36
July ,, ..	328	1,143	1,471	1,425	3,730	5,155	2,179	2,214	4,393	11.92	6.26	18.18
August ,, ..	330	1,122	1,452	1,394	3,763	5,157	2,214	2,258	4,472	11.79	6.07	17.86
September ,, ..	331	1,135	1,466	1,383	3,853	5,236	2,227	2,198	4,425	11.68	6.00	17.68
October ,, ..	331	1,155	1,486	1,439	3,758	5,197	2,229	2,198	4,427	12.74	6.18	17.92
November ,, ..	332	1,186	1,519	1,397	3,627	5,024	2,222	2,249	4,471	11.92	6.28	18.20
December ,, ..	363	1,228	1,591	1,429	3,705	5,134	2,310	2,317	4,627	12.21	5.94	18.15

	ITALY (Billions of Lire)			JAPAN (Billions of Yen)			UNITED KINGDOM (Billions of Pounds Sterling)			U. S. A. (Billions of U.S. Dollars)		
	Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total
1939 ..	25	24	51	3·8	6·5	10·3	.5	1·29	1·79	6·4	29·8	36.2
1950 ..	1,122	1,373	2,495	408·7	380·3	789·0	1·29	3·99	5·28	25.4	92·3	117.7
1951 ..	1,237	1,642	2,880	492.0	556·0	1,047.9	1·36	3·99	5·35	26·3	98.2	124.5
1952 ..	1,343	2,021	3,364	554.3	710·4	1,264.7	1·45	3·93	5.38	27.5	101.5	129.0
1953	1,422	2,337	3,759	609.5	..	..	1.53	4.00	5.54	27.8	103.3	131.1
October 1952 ..	1,245	1,890	3,135	443	630	1,073	1·39	3·72	5·11	26.7	98·6	125.3
November ,, ..	1,234	1,910	3,144	455	656	1,112	1·40	3·74	5·14	27·4	99·4	126.8
December ,, ..	1,343	2,021	3,364	554	710	1,265	1·45	3·93	5·38	27.5	101·5	129.0
January 1953 ..	1,266	1,970	3,235	487	692	1,180	1·40	3·81	5·21	26·8	100·5	127.3
February ,, ..	1,247	1,940	3,187	490	680	1,171	1·41	3·63	5·04	26.9	98·3	125.2
March ,, ..	1,255	2,000	3,256	447	698	1,175	1·44	3·66	5·10	26.9	97·4	124.3
April ,, ..	1,241	1,992	3,233	485	726	1,211	1·46	3·62	5.08	27·0	98·0	125.0
May ,, ..	1,237	2,004	3,241	474	754	1,258	1·47	3·68	5·14	27·0	97·5	124.5
June ,, ..	1,222	2,022	3,244	484	723	1,207	1·48	3·66	5 24	27·1	97·2	124.3
July ,, ..	1,260	2,062	3,322	483	731	1,214	1·51	3·75	5 26	27·2	97·3	124.5
August ,, ..	1,261	2,066	3,328	494	730	1,225	1·50	3·77	5 27	27·3	97.5	124.8
September ,, ..	1,294	2,247	3,541	487	739	1,227	1·48	3·78	5·26	27·4	97.7	125 3
October ,, ..	1,272	2,233	3,505	507	754	1,262	1·48	3·82	5·30	27.4	100·3	127.7
November ,, ..	1,290	2,275	3,565	513	746	1,259	1·48	3·86	5.34	27.9	100·2	128.1
December ,, ..	1,422	2,337	3,759	610	..	..	1·53	4·00	5·54	27 8	103·3	131.1

* Estimated

Source: International Financial Statistics

THE EASTERN ECONOMIST
PUBLICATIONS

		PRICE Rs.	As.	Ps.
1.	The Economic Progress of Russia, 1860-1948 by E. P. W. da Costa ..	1	8	0
2.	India's Foreign Trade: Part I by L. K. Jha	1	8	0
3.	India's Foreign Trade: Part II by L. K. Jha	1	0	0
4.	The Welfare State by T. W. Kent	1	0	0
5.	Foreign Capital in India by Taya Zinkin	1	8	0
6.	Industrial Labour in India by Dr. N. Das	1	0	0
7.	Japan's Post-War Industrial Recovery by Sherwood Fine	1	8	0
8.	Radical Humanism by M. N. Roy	1	8	0
9.	What Goes on in the U.S.S.R.? by "Odysseus"	1	4	0
10.	Communism and India by Philip Spratt	1	8	0
11.	India and The Free World	0	8	0
12.	India's Food Problem by P. A. Gopalakrishnan	1	4	0
13.	A Programme of National Education for India by Humayun Kabir ..	0	8	0
14.	Deficit Financing, Capital Formation and Price Behaviour in an Under-Developed Economy by V. K. R. V. Rao	1	8	0
15.	Men Without Work by Dr. N. Das	1	0	0
16.	Sea Power in the Indian Ocean by C. S. Venkatachar	0	8	0

ANNUAL NUMBERS

1.	India 1900-1950 and India in 1949	5	0	0
2.	India and the World and India in 1950	5	0	0
3.	"A Social History of the Indian People" and India in 1951	5	0	0
4.	"India and the Free World" and India in 1952	5	0	0
5.	"India in Asia" and India in 1953	5	0	0

The Eastern Economist makes a special offer

(a) Any set of publications of value Rs. 6 can be had for Rs. 5.

(b) Any set of publications of value Rs. 10 can be had for Rs. 8.

POSTAGE EXTRA

Special Enquries to:-

The Manager

The Eastern Economist Ltd.

52, Queensway, New Delhi

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi. Editor:—E. P. W. da Costa, M.A. (Oxon.)

SECRETARIAT LIBRARY 27 MAY 1954 MADRAS GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 21. NEW DELHI: MAY 21, 1954. ONE RUPEE

CONTENTS

LEADING ARTICLES : Page

THE TURN OF THE TIDE 813
IMPORTS AND INDUSTRIAL DEVELOPMENT 815
THE BANK RATE 816

THE WEEK'S NOTES 817

Kashmir and the Indian Constitution; The Right of Clemency; The Unhelpful Home Minister; Mr. Allen on Economic Aid; No Equality in Separation; Indo-Ceylon Concord.

WORLDGRAM AND NEWS IN BRIEF .. 821

WINDOW ON THE WORLD

Odysseus on "The Clue to the Economic Maze" 825

DELHI DIARY : 829

SPECIAL ARTICLES : Page

AWARD OF LABOUR APPELLATE TRIBUNAL FOR BANKS—By B. T. Thakur 830
CEYLON'S NEW TRADE INDICES .. 834

THE BUSINESS WORLD :

Report on Spices 836

BUSINESS NOTES 839

Trade with U.K.—First Quarter; Export of Oils and Seeds; Help for Rope Manufacture; Nitrogenous Fertilizers at Sindri; Outlook for Rubber; An Inadvertent Statement?; Coal Mines Labour Welfare Fund; Consumers' Co-operatives for Railway Employees.

COMPANY AFFAIRS 842
COMMODITY NEWS AND NOTES 843
CURRENT STATISTICS 847

The Turn of the Tide

THE meetings of the Import and Export Advisory Councils held on Saturday and Sunday this week have served to underline some of the major changes which have taken place in the visible co-ordinates of India's economy. The outward and most visible sign of the changes in international trade is reflected in India's balance of payments. Both Mr. T. T. Krishnamachari, who presided at the meeting of the Import Advisory Council, and Mr. D. P. Karmarkar, Minister of State, who presided over the Export Advisory Council meeting, drew attention to the rise in the Sterling balances which on April 30, 1954, stood at Rs. 752 crores against Rs. 706 crores at the end of December, 1952. Not too much was made of this unusual turn in our balance of payments, although this experience of the last sixteen months is so different from that of the five years preceding. It is likely that trade factors, including the technical problem of the terms of trade, on which Mr. Krishnamachari chose rightly to dispel misunderstanding, are insufficient to explain the nature of the payments change. At least one of the results of these meetings should be to connect international trade more closely with domestic factors. The Indian economy remains one and indivisible.

Quite the largest element in this change, however, is in Indian agriculture. It is now certain that Indian agriculture, in its own slow and pedestrian way, has

yet succeeded in arriving at a spell of dynamism. One factor, for example, which has been insufficiently taken into consideration, is the volume of new agricultural investment. Commentators, necessarily daring, have previously computed Indian agricultural investment in money and non-money terms at present prices at about Rs. 150 crores per year. It is quite remarkable how these predictions have been fulfilled by a scientific enquiry presented in the second round of the National Sample Survey. On page 9 of this Survey it is estimated that Indian agricultural investment in the year June 1950 to May 1951, was of the order of Rs. 166 crores. If we assume that investment of this order has taken place steadily since 1947, it would appear that something like Rs. 800 crores has gone into Indian agriculture in this period. It cannot be that so large a sum would be neutral to production. If we assumed that the return of this investment is roughly Rs. 200 crores per annum, this would imply that the floor of Indian agriculture has been raised by something like 4 per cent. It is also certain that this floor will continue to rise at a somewhat greater rate as the major irrigation projects go into operation. Possibly a rate of rise of food production of 1 per cent per year is within immediate range. It seems unlikely that over a period of the next ten years Indian food production will not rise at a rate of 1.25 per cent per year which is the average rate of population growth. In other words, it would appear extremely likely that Indian food production will in a short time catch up with Indian population growth.

The significance of this dynamism in Indian agriculture is twofold. In the first place, it is likely that India's balance of payments, which in recent years has come under pressure because of food shortages, will be permanently released from a large deficit which has ranged as high as Rs. 225 crores. Again, rural prosperity will certainly extend the market for consumption goods, whether domestically produced or imported. The view was propounded at the Import Advisory Council meeting by Mr. Krishnamachari himself that as agricultural real income improved, there might be a significant jump in the import of consumption goods. If India's balances are to be used for this purpose, there would at least be a substantial change in perspective. It would now appear that investment goods will not alone run down India's balances. The question arises whether consumption goods will operate to cure this defect in the short period.

The answer is probably in the negative; and this is so far a reason which was mentioned in another connection at this meeting. This was the absence of vigorous salesmanship in rural areas. Mr. Krishnamachari did well to emphasise this point that the mere shutting off of imports is no solution to the problem of marketing. The Government of India was quite prepared to keep the wheels of industry moving, and one indication of this was the steadfast refusal of the Ministry to consider the abolition of "actual user" licences. Indian industry could not, Mr. Krishnamachari said, be left dependent on the trade for spares which the trade might not always have in stock. While, therefore, industry was being assisted in this manner and by the use of import control where necessary, the Minister for Commerce made it clear that salesmanship was not the Government's business. Industrialists really had to go out and peddle their own wares. There is still far too little imagination displayed by salesmen in Indian industry.

It was appropriate that this point should have been made with just this force at this meeting. The previous day the Federation's notable publication 'Imports and Industrial Development' had been released, and Mr. B. M. Birla, the Federation's President, had explained at a Press conference in precise terms what the Federation undertook to do, given the necessary assistance. The next Leading Article in this issue deals with the Federation's suggestions which need, in any case, the most careful consideration. A high tribute needs to be paid to this report because of the precision and detail which it contains; the Federation is to be congratulated on the skill with which it has presented a detailed case moving away from easy generalisations this time to chapter and verse.

The implication, however, of the Federation's report is that, if its suggestions are not accepted, the development proposed which is the reduction of imports by Rs. 300 crores in five years and the provision of 300,000 jobs will not be attained. In this respect it is almost certain that the Federation has taken insufficient account of present agricultural and industrial trends. In the last two years it is likely that Indian economic progress has proceeded more rapidly than the Federation contemplates, with its six-point plan at the end of five years. The first reaction of the country will certainly be that the rate of economic progress promised should be higher in order to justify all the terms that the Federation seeks for the implementation of this new programme.

It is extremely likely that in fact the Federation's estimates will be surpassed. This is largely because, unknown to most observers, the Indian economic system is balanced favourably at the lower end of a dynamic swing which, if it is not arrested by mistaken financial policies such as excessive taxation, might generate economic progress at the rate of about two per cent per capita per year. There is significant evidence that the rate of capital formation, particularly in the agricultural sector, has risen by something like two per cent in the last two years. The rate of capital formation in the country today may well be seven per cent of income, surpassing, in another respect, a target of the Plan.

It may well be, therefore, that no Herculean measures will be needed to increase employment by 300,000 jobs in five years. It may be, however, that the Federation's proposals are intended to be added to the general upward trend, which may mean something very different. But the question will arise, if India is to be self-sufficient in food and is to effect a saving of Rs. 300 crores on imports, what arrangements will be made for the spending of the foreign exchange resources which will accrue to us on our rising exports? The Federation has not been oblivious of the foreign exchange position, but holds the view, without much explanation, that the need for conservation is as strong as ever. This is not quite consistent with the view also advanced by a Federation representative at the Import Advisory Council that India's output of capital goods was steadily rising and might now be of the order of Rs. 15 to Rs. 20 crores. Would Indian investment in South-East Asia be an answer to a steadily rising surplus in our balance of payments?

One thing seems fairly certain. There is ground for optimism today such as there never has been in the last six years. Indian agriculture, like Indian industry, has passed all expectations. The targets of the Plan in terms of per capita economic progress have probably been surpassed. The payments position revealed by the figures of the last twelve months shows a miraculous improvement on all the Planning Commission's dismal anticipations. All the economic co-ordinates are running at a level which shows that the ship can make much better speed. All that seems necessary is that Government should not put its own spanners in the works. The Banking Award shows, however, that this condition cannot lightly be assumed.

Imports and Industrial Development

ONE of the widely uttered commonplaces regarding industrial development in an underdeveloped economy is that the growth of new industries would generally be confined to the production of goods to substitute imports. For the private entrepreneur in such areas, the import list must give the indication of the lines in which new enterprise can be developed. Only in the more highly developed countries can private enterprise think of creating new wants among the population with rising standards of income and living habits. In India, the development of industries—textiles, iron and steel, sugar, cement, matches etc.—has been historically linked to such replacement of imported goods, jute manufactures being the major exception. It is natural that attention should now turn more and more to the import schedule. The new study on "Imports and Industrial Development" issued last week by the Federation of Indian Chambers of Commerce and Industry is the outcome of such an investigation into the composition of our imports of manufactured goods in relation to production possibilities.

The study covers more than a dozen main categories of manufactured goods, for the production of which potentialities exist and the total value of which amounts to more than 60 per cent of the average total value of imports through seaborne trade of about Rs. 650 crores per annum. There is thus an indication of the size of the market within the country for the various kinds of goods and the extent to which it is being met, if at all, by indigenous production. The value and quantity of the imports furnished year by year since 1948-49 should be able to indicate the degree of steadiness or the rate of expansion of the internal market. If they are read alongside of the available figures of the rate of production in the country, there arises an impressive, perhaps even over-optimistic, picture of the wide scope that exists for industrial expansion.

But this is essentially a preliminary task of drawing attention to the growing needs, though it may tend to give the superficial observer the impression that with a capital outlay approximately equal to the estimated value of the gross product of the additional manufactures, all these imports could be replaced by local production and employment opportunities could be expanded substantially. It only means that bold thinking is now possible without the inhibition about lack of finance which thwarted all aspirations until almost the first year of the Plan. New industrial ventures in these fields will depend on the obligations due to labour, the initial cost of new plant in relation to the size of the market for the product, the prospective levels of prices and purchasing power, besides the technical skill, raw materials and so on needed for production. The Federation's study is only the starting point of a more specific examination of individual manufactures on the lines of the post-war Industrial Planning Panel Reports. Particularly because the study indicates great scope for the growth of small industries, no time should be lost in making these further investigations.

The impression is likely to be created that the pointing out of the existing scope for industrial advance in relation to imports involves a reproach on Government's import policy. That, however, was not the intention and the difference between the Federation and the Government on import policy is much less than is indicated by the Federation's suggestion for the increasing use of import control as a protective device with a stricter use in practice of the restrictive powers. In practice, the Tariff Commission and Government have taken into consideration the protection now available to various industries because of import control but official policy cannot for obvious reasons be based on any deliberate principle of affording protection through import control. It is true, however, that in certain cases of essential goods which are produced in part within the country, regulation merely through high import duties would be undesirable.

It would be highly absurd to assume that import restrictions are the starting point of development in all these cases. When production capacity and plans mature to the point at which import regulations could be effective as a shield against competition, it must be assumed that there will be no hesitation in Government providing all reasonable facilities. Both the Federation and the Minister for Industry and Commerce have also agreed that an unhealthy dependence on import control can sap the vitality of industry and lead to exploitation of the consumer through high prices and bad quality.

The Federation's case, however, extends much beyond import control and here it is on unassailable ground. There is a suggestion for investigation of the causes for the gap between installed capacity and actual production. The Government has attempted such an inquiry in the engineering and pharmaceutical industries. There is no reason why it should not be supplemented by private efforts. More data should be published both in the Seaborne Trade Accounts and in the Census of Manufactures which would give reliable indications of the demand for various products in the country. Thirdly, the results of the Stores Purchase Committee's inquiry must disclose the policy changes needed to help Indian manufactures. The Federation's suggestion for legislation on the lines of Buy American Act may not appeal immediately for the simple reason that the political pressure that Indian business can exert on the Government here is not similar and may not be regarded as requiring such gestures for its satisfaction but the objects of such legislation can be attained in practice. The revival of the spirit of Swadeshi among the people, which gave a fillip to industry more than two decades ago, is again a matter solely between the producer and the consumer. Judged by the remarkable results in several lines of production where quality has been maintained high by Indian goods—electrical goods, sewing machines, soaps, cycles etc.—the evil of consumer preference for foreign brands is much less than is estimated and Indian industry may have a much easier task in persuasion than it expects. On the other hand, there is no exaggeration in stating that sales promotion is a task which is still undeveloped if not unattempted by Indian business men. It is hardly reasonable that they should expect all other conditions—such as official policy and consumer preference—to be such as to offset their serious deficiencies in salesmanship.

The Federation's attempt to focus attention on imports is not intended to be a chauvinistic plea for self-sufficiency on the basis of the old mercantilist fallacy. Nor is it intended to divert attention from other sectors where there are sufficient opportunities not yet utilised. The manufacture of cottonseed oil is one such; in the existing state of deficiency of oils for soap, for vanaspati, for exports and for household consumption, this neglect is more costly than most other cases. The investigation of such existing unsatisfied demands would require special and separate study. It would be wrong to assume that unless there is progress all along the line in replacing imports—now valued at over Rs. 350 crores—the contribution to employment and incomes would not be substantial. The process of industrial expansion even over a small part of this wide sector could generate demands for engineering products, transport industries and raw materials which may give a substantial impetus to the economy.

The Bank Rate

MARKET-WISE, the recent reduction in the bank rate in Britain was anything but unexpected. But that does not mean that this change has been of a routine character—a mere technical decision, facilitated by the view, which has now been made respectable by the Conservatives, namely, that the bank rate should be a flexible instrument of policy moving freely up and down. On the other hand, the present revision of the bank rate downwards, when the ink is hardly dry on so much writing in favour of dear money in recent times, shows that in informed and authoritative circles, at any rate, the flexibility of money rates, rather than dear money for its own sake, is the goal which is now in view. This is not a negligible matter. The demonstration that flexibility is real and can work both ways is the result of a major change in official thinking and paradoxically, it has been the duty of the dear money parties both in the United States and the United Kingdom to prove that it is only a flexible monetary policy which, all along, they have desired.

Easy money in the United States is the best proof today that doctrinaire attachment to dear money is unmistakably dead. The ruling rates in the United States—on the basis of cash and conversion issues in the Treasury's May financing—are now one and seven-eighths per cent for four years and nine months and one and one-eighth per cent for one year. In comparison with two and five-eighths per cent for one year and two and seven-eighths per cent for three and a half years which have been the ruling rates in recent months, the easiness in money rates at present is remarkable. So, indeed, is the virtual acceptance of short-financing by the Republican party now, as inevitable in the circumstances of the market.

It is the British attitude, however, which is even more significant. Many major reasons may be and have been discovered in retrospect, justifying the British decision, now that it has been taken. There is, first of all, the now-established phenomenon of a flow of funds into the United Kingdom. Creating easy conditions in the money market in London, and strengthening the quotation for the British pound, the rate for which recently improved to the all-time high of 2.82 1/32, this flow of money, which means a readiness to hold sterling, has been responsible in part for the recent steady rise in the sterling area's reserves.

A difference in rates of interest, London's being more favourable, may or may not be the major explanation of this movement of funds into London. It is not unnatural, however, that the British Treasury is interested in discovering the true position. If the importance of the part played by the attraction of higher interest in London is not very great, the readiness to hold sterling will not be just related to money rates, but will be largely independent of them. The conclusion can then reasonably be drawn that the current strength of sterling is based on much sounder and much more permanent reasons. It is quite possible that the British bank rate has been reduced, at least with some idea of testing this hypothesis.

There are also, of course, the usual reasons why a bank rate is generally lowered, and it is not necessary to play down their importance. It is obviously the official belief that there is some slack in production and employment; and that greater economic activity can be encouraged, in so far, that is, as a reduction in the bank rate encourages it, without danger of inflation at the present time. It is also recognised by Her Majesty's Government that British industry needs to change and re-equip itself; and if, as seems likely, there is no danger of inflation (while an increase in the rate can always be made later on, if it proves to be necessary) the present will obviously be the time when British industry should be invited to extend and strengthen itself and to incur the expenditure which is necessary for this purpose.

This reasoned attitude in Britain is interesting for the reason that it can be seen to be almost entirely pragmatic. The Conservative attitude towards money, which is also the Republican attitude, may, indeed, be summed up as realistic and it is not certainly immutable for all time. Dear money was good as long as it seemed that an increase in economic activity could only lead to a rise in prices. The moment that it appeared that this view could be outmoded—and there are now actually economists like Mcdougall who doubt whether this is after all the age of inflation—cheaper money can be brought back without any qualms of conscience.

Monetary management abroad is a matter which is mainly of indirect interest to India, for there is no compulsion to follow the decisions taken elsewhere, especially when the movement in interest rates which seems to be necessary is downward and not upward. Recent trends in the United States and in Britain are, however, important as reinforcing the validity of certain propositions of a general nature, which this country cannot possibly afford to overlook in framing its monetary policy.

The exaggerated claims, which have recently been made on behalf of dear money, can now be seen in appropriate perspective, in the first place. In the case of an undeveloped country particularly, the marginal and psychological advantages of tightening up credit are not likely to compensate adequately for the danger, which always exists, that we may merely be curbing desirable economic activity.

Cheaper money, it can also be seen, is one of those measures to which governments still turn, almost instinctively, in spite of the vague belief, which has been encouraged widely, that dear money may more be useful as a curb than cheap money is as a stimulant. Apparently, there are unsuspected psychological reasons why the stimulant works, however mild it may be. Perhaps also, even the saving by way of lower interest rates may not be quite negligible and beside the point —as recent literature has far too often tended to imply.

There is, in any case, no need to attribute any special virtue to dear money policies, while denying at the same time that cheap money can be useful at any time. This again is a proposition that should be obvious. But the international influence of the propagandists for dear money for its own sake has recently been so great that occasionally even the admission that cheap money can be justified in certain circumstances seems to be encouraging.

These conclusions seem trite, but they add up in practice to the statement, which is definite enough, that development, rather than deflation, should at all times be important from the point of view of an undeveloped country. There can be no mistake about this. But the course of recent monetary history in the advanced countries under the direction of dear money parties will reinforce this belief and there can be no doubt hereafter as to which is the greater good. India is not expected to follow the American or the British lead in monetary policy, without assessing the merits of any situation for itself. But if India refuses, in the light of recent history, to accord to monetary policy an independent and important status to the extent of making a fetish of it, she will succeed in due course in evolving a monetary policy which is flexible and pragmatic, and suited to local needs. There is no indication that evolutionary monetary policy can take final shape very soon. Meanwhile the temptation to follow suit needs to be resisted.

THE WEEK'S NOTES

KASHMIR AND THE INDIAN CONSTITUTION

The Constitution Order which came into effect on May 14, 1954, to bring about a closer integration of the State of Jammu and Kashmir with the Indian Union, very largely implements the Delhi Agreement concluded two years ago with Sheikh Abdullah. The great advance made over the relationship which has existed hitherto with Jammu and Kashmir has created the belief in some quarters that the State will be practically on a par with a Part A State, except for certain special features. This is quite far from the truth. The Union legislative, executive and judicial powers have been extended to Jammu and Kashmir with many modifications but there will be no Concurrent list or State list of powers—all these being included in the category of residuary powers left with the State. This is a very important difference. The State High Court, its powers and jurisdiction will not be regulated by the Union nor will matters relating to industrial and mineral development, census and company laws.

The other special modifications of the Constitution in relation to Jammu and Kashmir have been too often discussed. They relate to the question of compensation for acquisition of property, (to safeguard the Kashmir land reforms) and to the restrictions on freedom of speech, association and movement, which are regarded as necessary in the present political conditions. While in the case of a Part A or B State the alteration of boundaries would require only consultation with the State Legislature, in the case of Jammu and Kashmir, positive consent is needed. In effect it may mean that the Constituent Assembly or its successor must concur in any future political settlement. This is reinforced by a clause being added to Article 253 through which Parliament has derived authority to legislate for the Union to implement any international agreement, treaty, or convention, irrespective of the division of powers. The consent of the Government of the State will be necessary under the clause now added in the Constitution Order to any disposition of the State of Jammu and Kashmir. It is also provided that the "reasonable restrictions" in Kashmir, on the freedoms in Article 19, will not be questionable by the Courts; the ultimate authority as to the reasonableness will be the Legislature.

The provisions relating to the Supreme Court have attracted the greatest attention. The right to move the Supreme Court for constitutional remedies is not modified nor will the exercise of original jurisdiction of the Supreme Court under Article 131 be affected. But the Supreme Court will not have the right to grant special leave against the judgments of tribunals nor can Parliament extend the scope of the special writs. Next only to the importance of the judiciary will be the taxing powers of the Union, which will not be fundamentally different from those applying to other States. The recent abolition of the internal customs duties in Jammu and Kashmir was the first stage in promoting freedom of inter-State trade and commerce safeguarded under the Order. Thus, the modifications are as significant as the applications of the Indian Constitution.

THE RIGHT OF CLEMENCY

The most amazing feature of the controversy over India's right to participate in clemency proceedings for Japanese war criminals is that on the question of India's exclusion—which Mr. Nehru described as "arbitrary use of authority regardless of the principles of international law and practice",—there has been unanimity among the Big Three, the Netherlands and three Commonwealth countries. When the language of the texts concerned does not seem to support this unanimous view, the natural inference in India is that there has again been a Western ganging up in order to tease India for her independent foreign policy and to bolster up Pakistan's status as a reward for her willing acquiescence in Western policies. The consequences of such an impression to India's relations with the West can prove serious at this juncture. But the views of these Governments appear to have been elicited even before the resentment in India over U.S. military aid to Pakistan had developed into serious proportions. Further replies are awaited on this question of clemency to the renewed protests of the Government of India to the seven governments made last month. Unless this opportunity is taken by these Powers to explain the legal position in more convincing terms, the issue may develop into proportions which the subject matter of clemency and the principles involved therein do not at all warrant. India's partiality for clemency is too well known in Japan to suffer damage by the mere denial of this opportunity to exercise it.

India continued to be a member of the International Military Tribunal for the Far East long after partition, obviously as the successor Government to the Government of undivided India. It does not appear that Pakistan subscribed to Dr. R. B. Pal's judgment, if it is to be held that Pakistan continued to have equal jurisdiction in the matter. The provision under the Indian Independence (International Arrangements) Order, 1947, was expressly intended to prevent such claims of concurrent jurisdiction in respect of matters common to both countries before the partition and at least the Commonwealth countries have a special responsibility in this matter. It is again significant in this connection that the unanimous decision to deny India's right to participation became known to India only indirectly through Japanese Government.

There is nothing in the San Francisco Treaty either, which should affect India's right. Article 11 provides that the "power to grant clemency, to reduce sentences and to parole with respect to such prisoners may not be exercised except on the decision of the Government or Governments which imposed the sentence in each instance and on the recommendation of Japan. In the case of persons sentenced by the International Military Tribunal for the Far East such power may not be exercised except on the decision of a majority of the Governments represented on the Tribunals and on the recommendation of Japan". This provision is unqualified; Article 25 only states that the San Francisco treaty "shall not confer any rights, titles or benefits on any State which is not an Allied Power as herein defined". It cannot and did not abolish any rights which had accrued already and which Article 11 had recognised.

In effect, the questions that arise are (a) whether the U.S.S.R. and China can be excluded from the rights they are entitled to have, for the same reasons applied to India and (b) if not, and India has to be included, whether Pakistan can now be treated as a State with concurrent jurisdiction, when all laws and conventions are to the contrary. The worst of this dispute is that there is no authority competent to arbitrate, even if there could be faith in arbitration.

THE UNHELPFUL HOME MINISTER

The debate in both Houses of Parliament on the Criminal Procedure Code Amendment Bill revealed the lack of sufficient approval for the provisions of the Bill, which is acceptable in parts. Its omissions and the more objectionable features have made the Bill an

obnoxious piece of legislation. The Home Minister, Dr. Katju, was speaking more out of pique than from a hardened conviction about the virtue of his reform when he indicated his desire to seek some way of providing for punishment of defamation of public servants. All his defence of these proposals amounted to expressions of his pious intentions, not to an analysis of how they would tend to work out in practice. The temptation offered to "public servants" to set in motion the machinery of the State against their critics, without personal trouble or expense may prove irresistible. It will not be checked by merely providing that the sanction of Government should be obtained in each case, especially when Ministers are involved. The courts are only a safeguard against improper conviction on such charges. The case of the critics is not that the courts are not to be trusted but that even prosecutions ending in acquittal will prove ruinous to critics. The parties will be unevenly matched. On the one side, the use of the State machinery places no limit on the occasions on which unsuccessful prosecutions with a view to harassing opponents may be launched; successful defence may so impoverish an individual that he may be deterred from even legitimate criticism. It is this vital aspect of the matter that the Home Minister has so obstinately refused to appreciate.

The second major defect of the Bill is the failure to effect separation of the magistracy from the executive. There is no reason why every State should be left to legislate separately at least after a comprehensive Bill has been prepared by the Union to amend the criminal law. By accepting this, the Government could have infused some sense of idealism in the monotonous succession of restrictive legislation with which the Home Minister is constantly facing Parliament. Here was a field of law in which Dr. Katju could have drawn freely on a pool of experience and wisdom as ripe as his own if he had only set up a Commission instead of finding a substitute in a casual questionnaire.

MR. ALLEN ON ECONOMIC AID

Mr. George Allen's broadcast address on the question of U.S. aid to India was a skilful presentation of his reply to the issues raised in Congress on the aid proposals. "India has used effectively the aid we have given" he said, "and can usefully absorb the aid provided for in the 1955 programme....Further economic assistance to India is clearly in our national interest. We are not trying to put out a fire in India. But we are taking constructive fire preventive measures." The Ambassador was under a necessity to face the question of Indo-U.S. differences on foreign policy. After reminding his audience that in freedom there is diversity, Mr. Allen has urged that the decision of the United States to help Pakistan with military equipment heightened the need for strengthening American relations with India. This may prove ultimately to be more convincing than any of the other arguments.

The most significant passages in his address were those in which he declared that the "leaders of India desire our aid and I believe will welcome its continuance" and the statement that India can usefully absorb the aid. The large unutilised portions of the aid already given had naturally created doubts in Congress about the rate of absorption. By giving more in the shape of economic aid instead of towards technical assistance, the rate of absorption can be stepped up. The real question was whether U.S. aid should be continued and increased even if there was no warmth in India in welcoming larger American aid on the ground that it would involve obligations.

Mr. Allen has taken pains to prove how American national self-interest was involved in continuing aid to India and has now left the United States with the feeling that Congress has been sympathetic to his appeals. The future of American aid is not indeed an assured one and much might depend on the developments in South-East Asia which will be influenced at Geneva.

NO EQUALITY IN SEPARATION

It would require a close knowledge of the evolution of segregation law in the United States to appreciate the real significance of the Supreme Court's historic decision this week outlawing segregation in American public schools. The old doctrine "separate but equal", which the Supreme Court had accepted all along, permitted segregation of negroes so long as equal facilities were granted to them in order to obey the letter of the Constitution, which had guaranteed "equal protection of the laws" under the Fourteenth Amendment. That doctrine has increasingly been felt to be anomalous under modern conditions and some modifications had been made from time to time. It was still felt, however, that public opinion was still far from being ready to accept a complete abolition of segregation. Especially in some of the Southern States where racial feelings are still strong, there have been threats to abolish public schools altogether, if segregation was outlawed. It is gratifying, therefore, to hear that the Supreme Court's verdict was the unanimous opinion of its nine Judges.

"We conclude", said the Judges, "that in the field of public education the doctrine of 'separate but equal' has no place. Separate educational facilities are inherently unequal. Therefore, we hold that the plaintiffs and others similarly situated from whom the actions have been brought are, by reason of the segregation complained of, deprived of the equal protection of the laws guaranteed by the 14th amendment." The Court ruled that even if physical facilities and other "tangible" factors were equal, segregation deprived equal educational opportunity which was necessary for sound training in citizenship.

The Supreme Court has yet to give a ruling on the procedure to be followed in implementing this abolition of segregation and the establishment of the enforcement machinery. There are 17 States, most of them in the south, where segregation of pupils in public schools is required by the State laws. There is bound to be a good deal of agitation in the south before the new ruling is willingly enforced. All these obstacles need not, however, obscure the fact that the decision is a great landmark in the history of the struggle for racial equality in the U.S.A.; and coming at a time when unedifying scenes are being enacted in Senate investigations, it must provide assurance to the rest of the world that at heart the United States remains sound and progressive.

INDO-CEYLON CONCORD

The Prime Minister's comments during the foreign affairs debate, on the recent developments in Ceylon over the status of Indians were naturally very restrained. The Indo-Ceylon Agreement concluded at Delhi last January was more an act of faith than a specific solution and it is yet too early to say that it has failed. But certainly the developments in Ceylon are in keeping neither with the letter nor the spirit of the Agreement. There has been little progress and quite a substantial setback in the atmosphere. Whether Ceylon is within her rights in dealing with a class of residents as she chooses or not, there was no particular point in Ceylon making an agreement with India the starting point of treatment which is admittedly far worse than what preceded the Agreement. The disappointment, after the creation of hopes for a better turn in relations, becomes keener. In South India, where the problem has been acutely felt because the bulk of the Ceylon Indians belong to this region, there has been unconcealed dissatisfaction over the ineffectiveness of India's attempts to secure justice to Ceylon Indians.

Mr. Nehru expressed has regret at the trend of events which has produced this strong apprehension. He has reiterated his desire to solve the problem peacefully. In any case, there is no other way of solving it at the inter-governmental level.

Improving Textile Printing

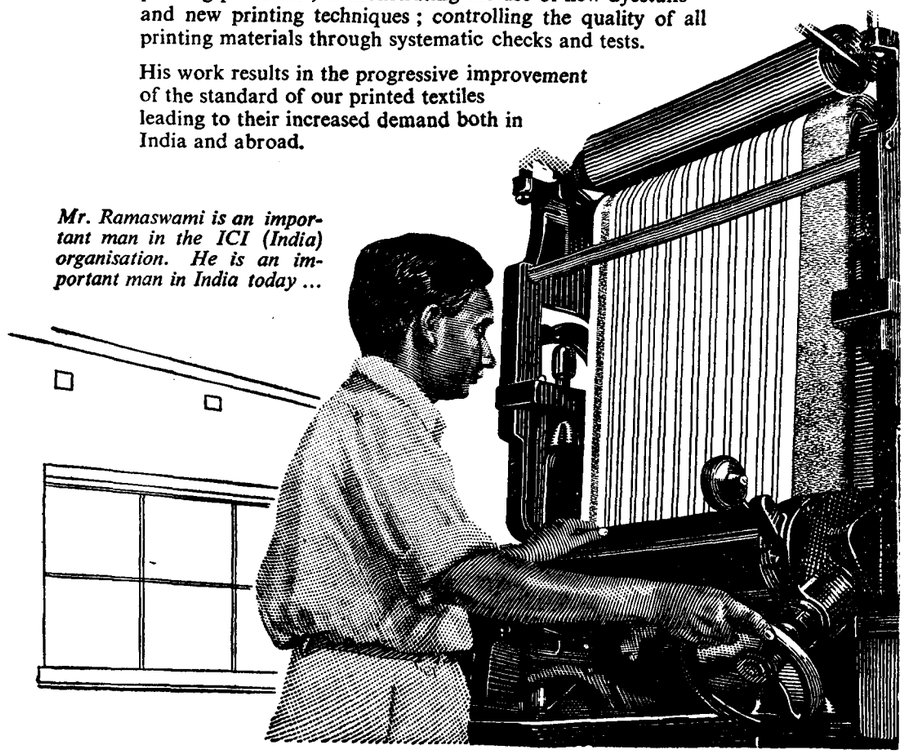
Nearly a thousand million yards of printed cloth are produced annually in India. The major portion of this quantity is printed in large textile mills ; the remainder in small printing shops.

In the course of everyday work numerous difficulties may arise in any printing establishment; regardless of its size or equipment. And many of these problems can be solved only by tests and experiments in the laboratory. In such cases, our Technical Service Department is always at the service of textile printers, with expert advice and enthusiastic aid.

Here you see Mr. K. Ramaswami who is in charge of our Textile Printing Laboratory in Bombay. He has been with us for over 17 years... helping customers to overcome their printing problems ; demonstrating the use of new dyestuffs and new printing techniques ; controlling the quality of all printing materials through systematic checks and tests.

His work results in the progressive improvement of the standard of our printed textiles leading to their increased demand both in India and abroad.

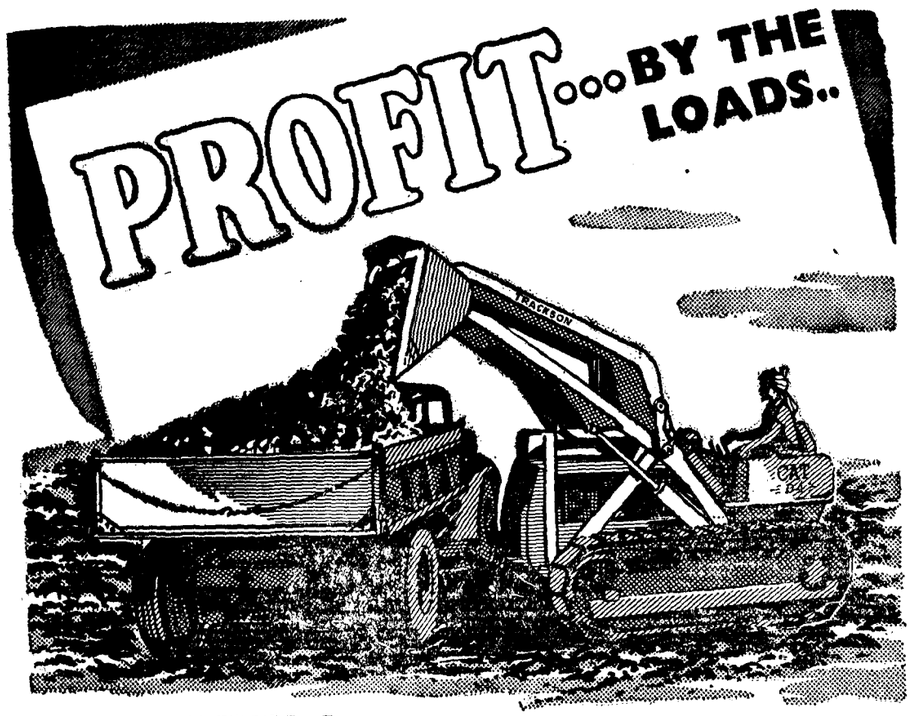
Mr. Ramaswami is an important man in the ICI (India) organisation. He is an important man in India today ...



... contributing to India's progress and prosperity

ICI

ICC 375



WITH A "CATERPILLAR" D4-HT4 TRACTOR-SHOVEL TEAM!

There are four other Tractor-Shovel profit-makers, with bucket capacities of ½ to 4 cubic yards, to match the work-ability of "Caterpillar" Diesel D2, D4, D6 and D7 Tractors.

The gripping traction of a "Caterpillar" Diesel D4 Tractor packs heaped loads into the bucket of a hydraulically-operated HT4 Tractor-Shovel—and every load is a heaping load of profit!

The team is designed and built to do a variety of tasks at low-cost—excavating, loading, dozing, backfilling and others—with maximum efficiency.

Engine power is converted into big digging effort...a choice of five speeds enables the unit to meet every ground condition in loading, hauling or dumping. Hydraulic control is sure, fast and accurate—permits controlled dumping at any level.

You, too, can get in on these loads of profit. Our sales engineers can tell and show you how and where the team can work for you.

Caterpillar
DIESEL ENGINES - TRACTORS MOTOR GRADERS EARTHMOVING EQUIPMENT

Caterpillar Distributors in India

CALCUTTA	BOMBAY-1	NEW DELHI
TRACTORS (INDIA) LIMITED	LARSEN & TOUBRO LIMITED	WILLCOX (BUCKWELL INDIA) LIMITED
P.O. BOX 323	P.O. BOX 278 Sales and Service	P.O. BOX 289

CATG/A

WORLDGRAM

AGRICULTURE

Recommendations on Wood Seasoning and Preservation: The first meeting of the Executive Committee of the Timber Dryers' and Preservers' Association of India held recently at Dehra Dun has requested the Government of India to instal a commercial wood preservation unit at Delhi to give a lead to the establishment of these industries on an all-India basis. The Committee called upon the Central Government: (1) to prepare a code of practice on the prophylactic treatment of timbers with a view to controlling losses of timber due to fungal and insect infection, (2) to prepare a note on the large-scale production of seasoned and preserved wood ensuring Government departments the supply of such materials by Government contractors for their use with effect from January 1, 1956, (3) to prepare schemes for the popularisation of such wood (4) to prepare technical standards for the seasoning and preservation operations, and (5) to devise practical means for the sustained supply of wooden sleepers for the Railways.

* * * * * * *

Location of Tube-Wells: The Minister for Agriculture recently stated that no directions had been given to any State Government in respect of tube-well locations. The selection of sites for tube-well location was the responsibility of the State Governments undertaking the tube-well construction programme, but they were guided in the selection of areas by the recommendations of the Technical Working Party, consisting of officers of the Government of India and the Technical Co-operation Mission. The Minister added that the main criteria kept in view while selecting sites were, (i) existence of satisfactory underground water conditions, (ii) availability of electric power at economic rates, and (iii) productivity of soil to be irrigated.

TRADE

Handloom Board Marketing Organisation: The Central Marketing Organisation of the All India Handloom Board has opened regional offices in Bombay, Madras and Banaras and will be opening regional offices in Nagpur, Gwalior and Calcutta during the course of the month. The Government of India have decided that each of these regional offices should have a showroom attached to it. The purpose of the showrooms is to keep samples of handloom fabrics produced in various parts of the country, to bring them to the notice of the trade and consumer and to put the trade/consumer in touch with the manufacturers when they desire to buy handloom fabrics. Manufacturers of handloom cloth who wish to have their products exhibited in the show-rooms have been invited to communicate with the Director, Central Marketing Organisation, 34, Pantheon Road, Egmore, Madras.

* * * * * * *

Statistics of Overseas Trade: It is the intention of the Government of India that collection of statistics relating to overseas trade should be done by official agencies only, as far as possible. Such collection is being done by the Custom Houses at all major ports except Bombay, where the Bombay Chamber of Commerce has been doing it for a number of years. The question of taking over of this work by the Custom House was reportedly under consideration by the Government.

* * * * * * *

Relief Supplies from Abroad: The relief supplies received by India since January 1953, for relief of distress caused by natural calamities like floods etc. from the U.S.A. under the Indo-U.S. Agreement dated July 9, 1951, included wheat, flour, milk powder, beans and other foodstuffs, medical supplies and equipment and agricultural implements. Food gifts were also received from the United Nations International Children's Emergency Fund and from private individuals and organisations in U.S.A., New Zealand and the Netherlands. The relief provided by India to other countries for similar purposes during the same period was of the order of approximately Rs. 1.75 lakhs.

FINANCE

Applications for Compensation Being Invited From New Categories: Applications for compensation under the interim compensation scheme are likely to be invited soon from persons living in evacuee houses in small towns all over India, and also from occupants of Government-built properties in the various States other than the townships already included in the priority categories. Certain categories of persons in distressed condition may also be included. Applications had already been taken from 5,000 members of housing co-operative societies. In Hyderabad, Uttar Pradesh, Bhopal, Rajasthan and Madhya Pradesh, agricultural lands are in the process of allotment. In Punjab and PEPSU, instructions had been issued for the allotment of lands retrieved as a result of the separation of the mixed agricultural lands to displaced persons of Punjabi and non-Punjabi origin. The total compensation proposed to be paid to the displaced persons is estimated to be Rs. 100 crores and that of cash or buildings and houses constructed by Government was Rs. 85 crores.

* * * * * * * *

Pakistan's Debt to India: Negotiations with the Finance Minister of Pakistan on the debt due from Pakistan and on other outstanding financial issues are proposed to be resumed by India's Finance Minister, Sri C. D. Deshmukh, as soon as possible. It is reported that the exact amount of the debt due from Pakistan has not been yet determined. The debt was repayable in 50 annual equated instalments of principal and interest, commencing from August 15, 1952. No payment has been made by Pakistan so far.

* * * * * * * *

Loans to Co-operative Banks: It is stated that abstention from trading activities has not been made a condition precedent to the grant of any loan to State Co-operative Banks by the Reserve Bank of India. The policy of the Reserve Bank is to discourage State Co-operative Banks and Central Co-operative Banks from undertaking trading activities along with their banking activities, as the combination of trading and banking is "fraught with danger".

* * * * * * * *

Equipment for Tungabhadra Project: Up to March 31, 1954, construction equipment worth about Rs. 21 lakhs had been received from abroad for the Tungabhadra Project. The sale proceeds of the Australian wheat gift were given to the Hyderabad Government as a loan to be spent on the Tungabhadra Project. The cost of the earth-moving machinery, which the Australian Government had agreed up to date to make available for the Tungabhadra Project would be about £(A)900,000 and this also would be treated as a loan to the Hyderabad Government.

* * * * * * * *

Britain's Colonial Development Corporation. Britain's Colonial Development Corporation lost £1,279,059 during 1953, as against £3,805,208 in the previous year. This figure brings the Corporation's losses since its inception six years ago to £9,682,919. Five new projects were begun during 1953, and seven were abandoned leaving fifty still in action. The loss since the Corporation was set up includes £4,859,552 on projects which have had to be given up. The latest report shows that capital employed totalled £25,349,000 as against £22,885,000 in 1952. Agricultural schemes accounted for 24.2 per cent of capital either at work or for which plans have been drawn up. The Corpora-

tion is self-critical in its report, and admits that the plan for setting up a sack factory in Nigeria—on which £145,000 is estimated to have been lost—was an "ill-conceived scheme." On the other hand, it is emphasised that many of the difficulties arose only "because too much was attempted too quickly in early years." Difficulties for which the Corporation could not be blamed included the continued fall in world prices of raw materials which it is growing, particularly rubber.

INDUSTRY

Technical Assistance From U.S.A.: Under various technical assistance schemes, 89 Americans are at present working in India and 15 had returned to their country last year after completing their work. Their travelling expenses to India and from India to U.S.A. and salaries while in India were paid by the organisations which provided the experts viz., the Technical Co-operation Mission, the various agencies of the United Nations, etc. Travel expenses on duty within India were borne by the Government of India or the State Government concerned.

* * * * * * *

British Technicians for Chittaranjan Loco Works: Eleven British technicians have joined the Chittaranjan Locomotive Factory under the Technical Co-operation Scheme of the Colombo Plan. These technicians had been appointed for one year, but the appointment might be extended to two years. The British Government bore the full cost of the technicians' salaries and allowances and passage to and from India, while the Government of India provided them with free furnished accommodation and free facilities within this country.

* * * * * * *

Taking Over of The T.E.L.C.O. Works: It was stated in Parliament that the question of taking over the manufacture of boilers and locomotives from the Tata Engineering and Locomotive Company was still under consideration. T.E.L.C.O. had fallen behind the production schedule envisaged in an agreement between Government and the Company, but no 'ad hoc' advances had been made to the company. Provisional payments against bills submitted by them for work had been made from time to time in terms of the agreement. It is reported that a settlement has now been reached on important outstanding issues. It was expected that the provisional payments would shortly be finalised.

* * * * * * *

Encouraging New Industries in Refugee Townships: The Government of India have been considering the problem of unemployment in some of the new refugee townships. In keeping with their general policy of integrating plans of rehabilitation with those of the economic development under the Five-Year Plan, steps are being taken to create new opportunities for employment in the townships and enrich the general economy of those region. New industries are to be established in the townships of Faridabad (Punjab), Rajpura (PEPSU) and Hastinapur (Uttar Pradesh). Facilities to parties who can satisfy Government that their schemes are sound and that they will be able to implement them within a reasonable period will include allotment of land, and building for the factory on rental basis and grants of loans up to 50 per cent of the value of the machinery installed at about 4½ per cent interest for a period of five to seven years.

MISCELLANEOUS

Visit of Foreign Experts to India: Thirty-four foreign industrial experts visited India during 1953-54 under foreign aid schemes: 11 were British, 10 American, 5 Swiss, 3 Swedish and one each Canadian, Finnish, Australian, Japanese and French. The purpose of the visiting experts was: (1) to assess the pulp and paper requirements of the country, (2) to assess requirements of different types of insulators and the capacity of existing units and examine the country's expansion scheme, (3) to help the establishment of an Institute of Technology for village and small scale industries, (4) to advise the plastic industry, (5) to help improvements in foundry output, (6) to assist the Government engineering capacity survey committee, (7) as consultants to the Structural Steel Sectional Committee, (8) to advise construction of the Integral Coach Factory, (9) to conduct pilot projects in textile industry, (10) to explore possibilities of alternative employment for plantation workers, (11) for holding training courses on T.W.I. technicians, and (12) advise the management of Sindri Fertilisers and Chemicals Ltd., the Penicillin Factory and the D.D.T. Factory.

* * * * * * *

Army Engineers Constructing Indo-Nepal Road: The Bhainse-Dobhan-Thankot portion of the Indo-Nepal road, about 79 miles in length and lying wholly within Nepal, is being constructed by Indian Army Engineers. The total amount spent by the Government of India up to the end of March 1954 is Rs. 102.95 lakhs. The whole of this expenditure will be treated as a grant to Nepal as part of India's aid to that country under the Colombo Plan. The total estimated expenditure on the road is Rs. 146 lakhs.

* * * * * * *

Expansion of Administration in N.-E.F.A.: The area in the North-East Frontier Agency that has been brought under the administrative control of the Government of India since 1950 up to 1953, is about 23,000 square miles. The expansion is indicated by the increase in the number of administrative centres, which is as follows: In 1949-50 it was 12, 1950-51—18, 1951-52—23, 1952-53—35 and in 1953-54—43 centres. No separate figures are maintained of expenditure incurred in bringing new areas under administration. Out of 43 centres, 39 are in the hills and 4 in the plains close to the hills.

* * * * * * *

Land Claims of Non-Punjabi Displaced Persons: Claims of 9.34 lakh 'standard' acres of land have been verified under the Displaced Persons (Claims) Act, 1950, as having been owned by non-Punjabi displaced persons in West Pakistan. The area of evacuee agricultural land in India is stated to be about 10 to 12 lakh acres, including lands held by non-evacuee tenants. No target date has been fixed by which the allotment of land to displaced agriculturists would be completed.

* * * * * * *

New Safety Record Set By U.S. Airlines: International and domestic airlines of the United States are stated to have established the best safety record of their history during 1953. The year saw more than 31 million passengers carried in U.S. flag airliners, which made an average of 15,000 take-offs and landings every day. Air travel is estimated to be five times safer in America than automobile travel.

* * * * * * *

Inter-State Conference on Bhakra Project: The postponed inter-State Conference on the Bhakra Project was expected to meet in New Delhi on May 20 under the chairmanship of the Union Minister of Irrigation and Power and Planning. Consequent on the bill to merge the Bilaspur State with Himachal Pradesh, the conference would consider the question of transfer of a small area in the State, in which the Bhakra dam, headworks and appurtenants works lie, to the Punjab, for expeditiously completing the dam and ensuring its future maintenance and regulation of water and power supplies from it. Representatives of the States of Punjab, PEPSU, Rajasthan, Himachal Pradesh, Bilaspur and of the Ministries of Law, Finance, States, Irrigation and Power and the Planning Commission are expected to attend the conference.

NEWS IN BRIEF

INDIAN

India's exports of raw wool declined from 37 million lbs. in 1952 to 23.7 million lbs. in 1953. Carpet exports from India rose from 6.5 million lbs. in 1952 to 8.9 million lbs. in 1953.

* * * * * * *

Fifteen stations on the Southern Railway in Madras State will be electrified during the current financial year. The stations include Coonoor, Salem East, Thirukoilur, Mangudi and Rameswaram. Fans will be provided in upper and third class waiting rooms on the stations.

* * * * * * *

During the period April 1953 to February 1954, foreign exchange equivalent of about Rs. 12.8 crores was made available to students who had gone abroad for studies. Figures for March 1954 are not yet available.

* * * * * * *

The movement of coal during March and April this year, taken together, exceeded the quota fixed for the two months. The movement of cement was less than the quota mainly due to transport conditions on the rivers having adversely affected the ferry capacity.

* * * * * * *

Of the Rs. 8 crores loans advanced by the Rehabilitation Finance Administration, amounts recovered by the Administration up to March 31, 1954, on account of (i) repayment of principal and (ii) interest, were Rs. 58 lakhs and Rs. 38 lakhs respectively.

* * * * * * *

At the end of March, 1954, there were 303 grain shops on the Indian Railways. It is stated that the value of goods handled by the grain shops in 1953-54 was Rs. 10,25,82,000.

* * * * * * *

A Government of India notification exempts industrial undertakings engaged merely in the processing, blending or in the repacking of dyestuffs from the registration and licensing provisions of the Industries (Development and Regulation) Act, 1951.

* * * * * * *

Against a target of Rs. 45 crores fixed for collections under the Small Savings Scheme, the net collections during 1952-53 amounted to more than Rs. 40 crores.

* * * * * * *

In a Press communique issued by the Reserve Bank of India, it is announced that during the week ended May 14th, 1954, Government of India Treasury Bills for Rs. 4,82,75,000 were sold in favour of the Reserve Bank of India.

* * * * * * *

The Central Cotton Committee has requested the States of Bombay, Madras and Punjab to intensify the cultivation and evolution of long-staple cotton. These States have done good work in the past in this direction.

* * * * * * *

Immediate steps are being taken by the Jammu and Kashmir Government, to help the sericulture industry in the State. It is estimated that nearly one lakh families are engaged in this industry.

FOREIGN

W.H.O. announces infant mortality rates in its study of 30 countries. India is still one of four countries having infant mortality rates over 100 per 1,000 in one year. Egypt had 163, Chile 134, Yugoslavia 125 and India 116 (India 1921-24=206). Sweden has the lowest rate—20.

* * * * * * *

The U.S. Export-Import Bank has announced authorisation of a $18.5 million loan to the Government of Afghanistan. The loan is to assist in financing purchase of U.S. materials, equipment and services for the Helmand river valley project and for the organisation and training of an Afghan road maintenance unit.

* * * * * * *

A seven-man Indonesian trade mission recently left Djakarta on its way to East Europe for negotiations with Poland, Hungary and Czechoslovakia. An official of the Indonesian Embassy at Paris will lead the delegation which consists of three Government officials and four private industrialists.

* * * * * * *

The output of cement in Austria has risen from 1.374 million tons in 1952 to about 1.460 million tons in 1953. The industry has its own research institute, and during 1952, 88.5 per cent of the industry's productive capacity was used. Most of the output is absorbed in the home market.

* * * * * * *

Total Swedish exports during the first quarter of 1954 amounted to Kr. 1,674 million (£115.5 million) and imports to Kr. 2,140 million (£147.6 million) leaving an import surplus of Kr. 466 million (£32.1 million) as compared with Kr. 365 million for the period January-March 1953.

* * * * * * *

The import of jute fabrics, both burlap and bag, into the Philippines has been banned. The object of the ban is to provide incentive to the domestic jute manufacturing industry, which has made repeated representations to the Government for protection.

* * * * * * *

The Pakistan Agricultural Development Finance Corporation has sanctioned loans of Rs. 26.6 lakhs during the first year of its existence. The rate of interest has been reduced from 6¼ per cent per annum for Co-operative Societies. Credit facilities are for the development of agriculture, forestry, fishery, animal husbandry, poultry keeping and dairying.

* * * * * * *

A Yugoslav-Turkey Protocol envisages reciprocal exchange of goods worth 80 million dollars. Yugoslav exports will be timber products; textiles; cement; metal; electro-industry and chemical products in exchange for Turkish cotton; wheat; manganese ore; scrap iron; different oilseeds and other products.

* * * * * * *

The work of the W.H.O. is carried out through six regional offices each serving a group of countries whose medical problems are similar. The Eastern Mediterranean Region covers 170 million people and comprises Egypt, Ethiopia, Iran, Iraq, Israel, Hashemite, Kingdom of Jordon, Lebanon, Libya, Pakistan, Saudi Arabia, Syria and Yemen.

* * * * * * *

Wages in the Netherlands on an average increased since January 1, 1954 (for adult male workers) by 7.9 per cent in industry; 5.6 per cent in agriculture; 6.6 per cent in transport concerns; 8.1 per cent for clerical staff (banks, life assurance and metallurgical industry); for civil servants by 6.6 per cent. Since May 1, 1954 wages in agriculture have undergone further increases.



A Window On The World

THE CLUE TO THE ECONOMIC MAZE

By

ODYSSEUS

I MUST HAVE MADE some people pretty mad last week when (after assembling the evidence) I said that it would be difficult to devise any theoretical system of production fairer and juster than the spontaneously arisen, unplanned, undevised Capitalist system, in which production is directed and producers, industrialists, etc., are kept in their jobs by the votes of consumers. Every Socialist reader of this assertion will at once have thought of half a dozen examples of glaring imperfections in India's social and economic conditions and in those of every other Free Enterprise country which he happens to have visited.

I cannot repeat it often enough that in this series of discussions on Capitalism and Socialism, I do not maintain that Capitalism is perfect. What I do believe is that all the available evidence suggests that the Capitalist system solves most problems of wealth and poverty, of production and distribution, better than any centrally controlled or planned system, whether Socialist, Communist, Fascist, Nazi, or Phalangist. The choice is not between one system of unequal production and distribution and of unsatisfactory selection of leader, and another in which there is perfect economic equality and in which leaders are chosen without fear or favouritism, but between different systems of inequality and injustice. The problem is to decide not which system is perfectly just but which is the least unjust.

SPLENDOURS OF AN UNBALANCED BUDGET

Nobody in his senses argues that since Keynes revealed to us the splendours of an unbalanced budget, the Capitalist system has been safe from those maladjustments that lead to depressions and unemployment. What we can say is that Keynes has eliminated the defeatist attitude towards mass unemployment that existed in the great 1929 depression and has shown that a depression is not the moment to practise the budgetary deflations that were let loose in Britain and elsewhere in those sad times. But any supporter of Free Enterprise who thinks that no Capitalist country need ever run into another depression has got a shock coming to him sooner or later.

But so have the planners! To hear some of them talk, you would think that, armed with statistical analyses of total consumption, total demand, and total investment, they can navigate the economic seas and avoid storms and collisions as well as mariners, armed with barometers, wirelesses, and radar, can bring their ships safely to harbour. But whereas barometers, wireless, and radar can warn you of what is ahead—and even then ships still manage to get lost—economic tables warn you of what you have left behind.

I conceded last week that given a fixed population and half a dozen other non-variable factors, Socialist planners might conceivably produce a more smoothly running economy—at a fixed level of national income. But even that would be difficult. For example, suppose that for some years past the general state of their economy had not allowed the planners to make bulk purchases of coffee—world prices having been too high for them in relation to their national resources. But now a fall in the world price happily coincides with an increase in the foreign exchange allocated to buying consumer imports, and the planners, rubbing their hands, decide to give consumers a nice surprise. They know that their statistics will tell them what the average consumption was five years ago before imports of coffee were prohibited. So, assuming that the comrade-consumers will drink coffee as before, they buy, say, 200,000,000 lbs. But the extraordinary thing is that scarcely any of the coffee is sold. There might be a dozen explanations for this. Deprived of coffee for five years, consumers might have lost the taste for it, or economic conditions might be generally such that, despite the return of coffee, people would rather spend any spare cash that they have on, say, more cooking oil, or more milk, or more cigarettes.

Confronted with consumer resistance, the planners would face a bigger or lesser disequilibrium in their plan according to the size of the coffee figures involved. They might seek to solve their problem by embarking on a propaganda campaign in favour of coffee, or they might decide to sell it at a lower difference between buying and selling price (planners never use the word "profit") than they expected, or even at a loss, to clear their warehouse space which—warnings are now being received from all sorts of unexpected centres—is being urgently sought for half a dozen other commodities. It might well be that a single miscalculation on coffee would not wreck the plan, but if the planners only had a single miscalculation on their hands they would be lucky. The chances are that they would be constantly involved in miscalculations, not only on occasional consumer items but, much more seriously, in their investments in industrial raw materials, miscalculations which might either slow down their production or, by throwing it out of gear, bring on a depression. Of course, in totalitarian economies, depressions are not called depressions—they are called "failures to reach planned targets due to criminal sabotage" (followed by a purge) and are signalised by "production bottlenecks" and consumer shortages all round. It may even be, as has happened in the U.S.S.R., that famine breaks out and millions perish. For among the many factors that no planner (and no Capitalist entrepreneur) can allocate, ration, or control, is the weather. A series of monsoon failures—as we know in India to our cost—can dislocate all forecasts. One remembers in this connection, a trifle wryly, the famous quip that the Indian budget is a gamble on the monsoon.

SLUMS IN CALCUTTA, MOSCOW, NEW YORK

The trouble with so much of what one reads about Capitalism and Socialism is that the protagonists of the rival systems spend so much time in pointing out the evils that exist under the other fellow's system, but what I am submitting here is that the Socialist's sternly pointing finger at Calcutta's appalling slums can be easily countered by the Capitalist's sternly pointing finger at the slums in Moscow, whereupon the Socialist hits back by pointing to the slums of New York. And so the argument goes round in a circle which proves nothing but that the world is imperfectly organised.

If, then, our task is to choose which is the better of two imperfect systems, what is the clue to the economic maze? What is the basic question to ask? Well, we might make a start by asking: What system will

get rid of the slums of Calcutta, Moscow, and New York, quicker than the other?

You are evading the issue—that is a matter of opinion, says someone. I do not think that I am or that it is. That objection might perhaps have had some validity before World War II when the only major Socialist experiment was being conducted in the U.S.S.R. behind an impassable censorship, but not in 1954 when we have a great deal of practical experience of the working of Socialist and Welfare economies in the full glare of daylight. In addition, a great deal has since leaked out, or seeped out, about conditions in the Communist countries.

The removal of Calcutta's slums cannot be accomplished without a rise in the national income, i.e., without an expansion of our economy, i.e., without economic growth. And here, I submit, we have found the basic question that we are seeking: Which system will increase the national income, will provide a changing expanding, growing economy, quicker and at less cost in human suffering than the other?

This must plunge us straight into the problem of incentives. It will be conceded by Capitalist and Socialist alike, I imagine, that there has never yet been a state which has been able to secure production without incentives. The Capitalist relies openly on the baits of higher wages, higher profits, prestige, and awards of titles and distinctions. The Socialist does likewise, though he is apt to call them by other names and to talk a great deal about selfless service for the common good. I don't care what either of them call it—an incentive means a bait to extract extra effort, and it implies that not everyone but only those who give the extra effort will get the reward, whether it be a rise of Rs. 25 a month or the Star of Lenin. But—and this is my point—the moment that you respond to incentives better than others and you win awards (a) you cannot have a society in which all are equal and (b) you cannot have a classless society (although there is no reason why you should have a society in which one class is taught to look down on another). Thus, like the age-old philosphical problem of evil—to which as far as I know no one has ever given a satisfactory answer—we have the age-old problems of inequality, property, and inheritance. It is, however, important to remember that these problems are not peculiar to any one system of society but must arise whatever system you adopt. It is unavoidable that someone born with the name of Ford in America, or Churchill in Britain, or Birla in India, or Stalin in the U.S.S.R., should start life with some advantages. For example, in America Henry Ford junior is president of the corporation founded by his father, while in the U.S.S.R. young Vassily Stalin, son of the late dictator, was a Major-General at the age of 28, an eminence possibly due to his ability as much as to his parentage, but also possibly not. The point is that once you admit that no change and growth is possible without incentives, you cannot get rid of inequality. You can only mitigate it. Which system mitigates inequalities better? That which makes membership of the elite depend ultimately on the mass of the people voting as consumers in favour of those who produce what they want, when they want it, or a system which makes membership of the elite depend on belonging to a self-perpetuating ruling minority that can be changed only by a purge (with or without bloodshed)?

A New Book

For the Library and the Connoisseur of Art

SKETCHES OF GANDHI

By

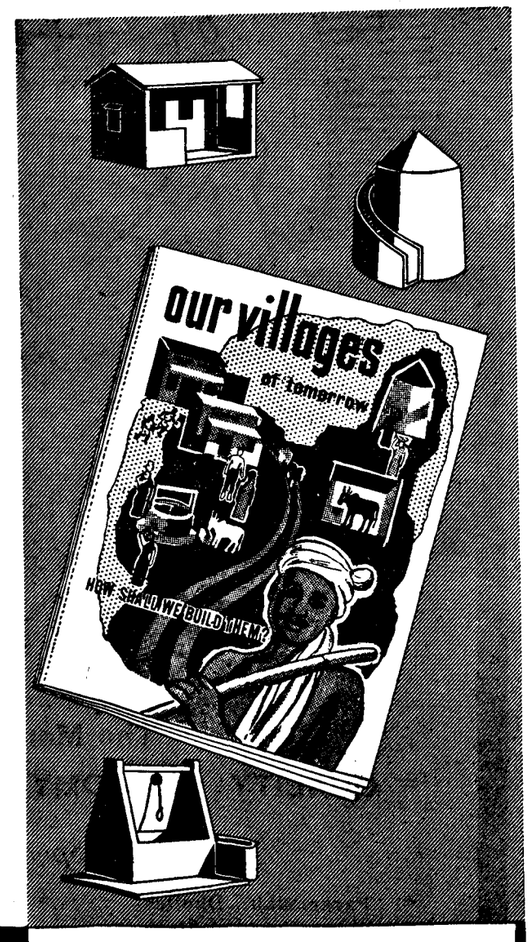
FELIKS TOPOLSKI

A unique collection of 24 sketches and two four-coloured paintings of Mahatma Gandhi by the famous Polish artist. Embellished with rare quotations from Gandhiji.

Price Sixteen Rupees Postage extra

A CONCRETE way to new life in Indian villages

The Indian villager deserves to live in better surroundings. Our villages need to be rebuilt and made fit for him to live in. How this can be done with the aid of concrete is told in detail in the illustrated pages of "Our Villages of Tomorrow." Here is a book useful alike to planners, social workers, community project organisers, village panchayats, district local boards and municipal boroughs. English edition Rs. 2/8/- a copy, Indian language edition Re. 1/- each; postage As. -/10/- extra in each case. Use this coupon for your order.



ACC

Sales Managers:

THE CEMENT MARKETING COMPANY OF INDIA LTD.

COUPON

THE CONCRETE ASSOCIATION OF INDIA

82/84 Queensway, New Delhi

Please send me....copy/copies of "Our Villages of Tomorrow' in English / Hindi / Gujarati / Marathi / Tamil / Telugu / Canarese Bengali/Urdu. * I am remitting Rs.....to cover cost and postage by Money Order/Postal Order.*

Name.....

Address.....

.....

* *Strike out what is not applicable*

E.E.|127

SISTA'S CMI-127 A



The Mark of

QUALITY ECONOMY & DURABILITY

Our Specialities

* 'Paramsukh' Dhoties
* 'Lakes Beauty' Mulls
* 'Moti Voil'
* Striped Shirtings
* Drills, Addi Cloth
* Cambrics, Longcloth Sarees
* 'Century, Batsman' Blankets
* Bld., Striped and Dyed Turkish Towels
* Grey Sheetings
* Black Dyed Venetian Cloth
* Umberella Cloth.

MULTI-COLOURED PRINTED CHINTZ & MULLS
In Various Designs.

THE CENTURY SPG. & MFG. CO., LTD.
Head Office:
Queen's Mansion, Prescot Road, Fort, BOMBAY.
Gram: Century
Phones: 31904, 30435, 21397
Managing Agents: BIRLA BROTHERS LTD.

A DELHI DIARY

MAHA DELHI!

IN a week which has carried headlines on Indo-China, Geneva and pockets problem in Paris, the spotlight has rested firmly on Delhi, and in particular on Delhi's Chief Minister, Mr. Brahm Prakash. A noble (or ignoble?) attempt was made by the Chief Minister to attract attention to his Maha Delhi idea. Both the Prime Minister and the Home Minister tripped up and seem to have been unaware of the purpose of this Delhi State Political Conference. Both thought that its purpose was to improve what there was, and, of course, no one need deny the need of improvement. But Delhi's Chief Minister was concerned with very different things. These are best left undescribed, but I append a cartoon on the principle of Voltaire that what cannot be said can at least be sung (or painted!).

What were described as "near violent scenes" were seen on Sunday morning when the "Greater Delhi" Resolution emerged from the Subjects Committee of the Conference. Mr. Krishna Nair, the President of the Conference, was presumably in favour of pouring oil on troubled waters, and tried postponing the controversial Maha Delhi Resolution. When points of order were raised and the President yielded partially, Mr. Brahm Prakash was heard exclaiming in a tempest of fury that he would leave the Congress (or the Conference?). Nobody quite heard the rest as it seemed to be lost in the uproar which followed. But one thing seems now clear that even after it had been voted down, this Resolution, and not the six-point Prohibition Programme, captured the interest of the proceedings. There is a crisis in Delhi State politics; but this is not all. The battle has been joined elsewhere. Subtraction is nearly as popular as addition.

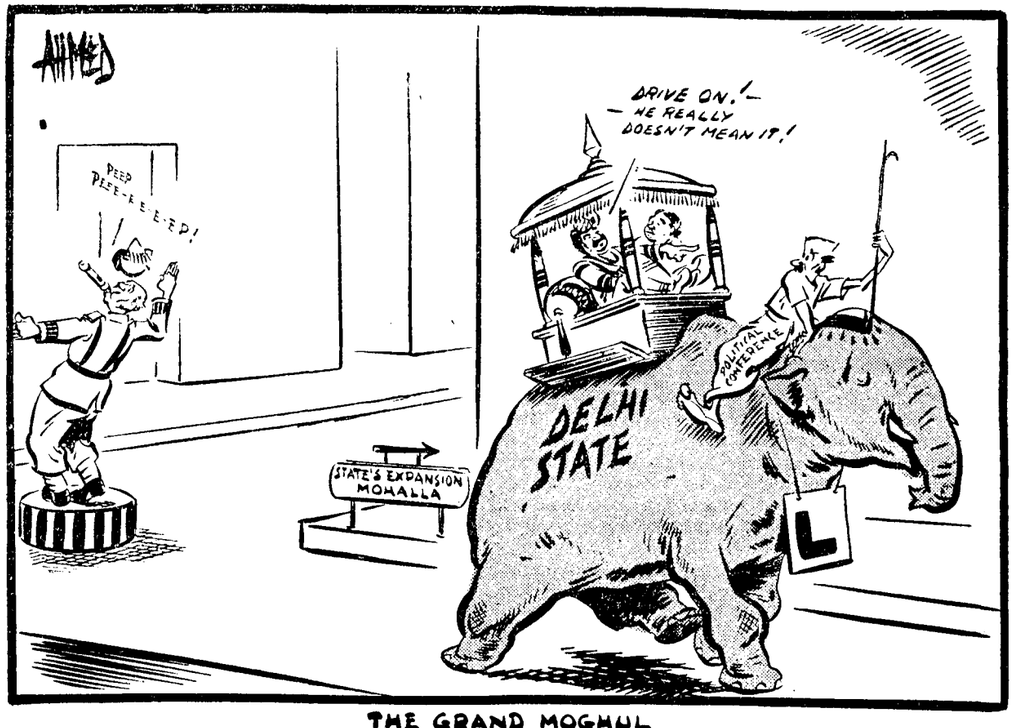
On May 19, Mr. Dhayabhai Patel, Mayor of Bombay, pleaded that there should be only six States in India—four at the "extremities" (Bombay, Madras, Bengal and the Punjab) and two at the centre (Madhya Pradesh and U.P.). I presume that Maha Delhi according to this scheme will slip into Uttar Pradesh or will the Punjab State have a larger claim? And is Andhra to be reunited to Madras?

The week has had its political excursions (and entrances!). Mr. Ashok Mehta came in on Tuesday to take his seat in the House of the People. Problems of privilege are still being worked out by the Privileges Committee of both Houses. The Prime Minister has now succeeded in making not one, but two, long speeches on Foreign Affairs in a single day. I dare, however, to say that the most significant display of democracy was outside the Houses and (actually!) in the North Block. I refer to the meetings of the Import and Export Advisory Councils held on Saturday and Sunday.

THE IMPORT AND EXPORT ADVISORY COUNCILS

When these Advisory Councils were first inaugurated some years ago, there were few people who believed that the exchange of opinions could be as free and as wide as in fact they have become. The freedom with which views were exchanged amongst all sectors in these two Councils on Saturday and Sunday was impressive from two points of view. In the first place, politics was (happily!) kept heavily in the background. Both the Councils were working as strictly business committees. Secondly, it appeared as if a specialised business view had at last won respectability. Am I imagining or is there in fact growing up in between the People and their Parliament some intermediate democratic institution in which democratic practice (meaning decision by discussion) is proceeding more happily than at either end of the democratic apparatus?

ARGUS.



THE GRAND MOGHUL

By courtesy "The Hindustan Times".

SPECIAL ARTICLES:

AWARD OF LABOUR APPELLATE TRIBUNAL FOR BANKS

By
B. T. THAKUR

General Manager, United Commercial Bank

[In view of the wide controversy which the Labour Appellate Tribunal Banking Award has raised, "The Eastern Economist" has sought an exposition of the Bankers' views from one of the country's leading bankers.]

INDUSTRIAL LEGISLATION SHOULD NOT BE APPLIED TO BANKS

It is a mistake to consider clerical employment in banks as industrial employment. Clerks are far superior in education and intelligence to workmen in factories. In factories and mills a workman remains a workman all his life. In banks, it is gathering of experience from days of clerkship upwards, so that personnel may be built up through actual work and experience. This process of building up competent bankers, with sense of responsibility, is completely frustrated by application of labour legislation to banks, which has removed incentive and created laziness and indiscipline. Industrial legislation should not be applied to banks.

INCREASING BURDEN FROM 1947

Onerous effects of application of labour legislation are being increasingly felt from 1947 onwards. Various tribunals have been appointed from time to time. Every subsequent tribunal has further increased the burden imposed by its predecessor.

AWARDS COMPARED: SIZE OF BURDEN

Four statements are given at the end of this article which indicate the scales of establishment charges as settled for different classes of banks and for different areas of operations, by the three Awards, Sen Award, Sastry Award and Labour Appellate Tribunal's Award. A glance at the scale of establishment expenses will show that a clerk in Bombay or Calcutta, which are included in Area I, will get on the date of his joining in the case of "A" class banks, a minimum of Rs. 143 per month, which will rise to Rs. 198-8 at the end of 8 years, to Rs. 277 at the end of 15 years and to Rs. 414 at the end of 25 years. A clerk in "C" class bank in Area III, which is the lowest level of clerical employment, will get Rs. 100 at start, Rs. 125 in the 8th year, Rs. 174 in the 15th year and Rs. 281 in the 25th year. "A" class banks are banks which have deposits of Rs. 25 crores and over. "C" class banks are those whose deposits are Rs. 1 crore and more but are below Rs. 7½ crores. In Area I are included five places, Bombay, Calcutta, Ahmedabad, Delhi and Madars. Area III covers places having population of one lakh or less. Emoluments of clerks in other banks or in other areas will lie between the two sets of figures given in this paragraph.

ACTUAL BURDEN MUCH MORE

But actually the burden on banks will be much more than what is indicated by the figures in the preceding paragraph. Every employee is entitled to Provident Fund benefit, gratuity benefit, leave of one month for every eleven months' service, casual leave, sick leave, medical expenses etc., and these impose a minimum further burden of three months' salary every year. Actual expenses of banks on clerical and subordinate staff per employee will be 25 per cent more than what the figures given in the preceding paragraph or in the statements at the end of this article indicate. Bonus-paid by banks is in addition to these charges.

CONSEQUENTIAL EFFECT ON ASSISTANTS AND JUNIOR OFFICERS

Labour Appellate Tribunal's Award directly affects clerks and subordinate employees in banks but its indirect effect will be to create discontent amongst junior officers of banks, who at the present moment are getting less than the maximum provided for the clerical staff or slightly more than the maximum. Banks will have to upgrade terms of employment of their Assistants and junior officers, who have been loyally and faithfully carrying on the burden of responsibility in banks.

AWARD RAISES ESTABLISHMENT CHARGES BY 15 PER CENT

It is estimated that implementation of the Award will increase establishment expenses by 15 per cent, over their existing establishment charges, taking consequential increases to Assistants and junior officers.

BURDEN INCREASES BY RS. 2.89 CRORES

Total establishment expenses of Indian scheduled, non-scheduled and foreign exchange banks, during year 1952, as given on pages 17, 18 and 19 of the Statastical Table Relating to Banks in India, published by the Reserve Bank of India, amounted to nearly Rs. 17 crores. The figure for 1953 is not available but that will probably be at least 2 per cent more than the 1952 figure, or in other words the 1954 expenses on the basis of the Award would be 17 per cent more than the 1952 establishment expenses. In terms of money this would mean an increased burden on banks of the order of Rs. 2.89 crores.

INCREASE OF 58 PER CENT BETWEEN 1948 AND 1954

The establishment expenses of banks in 1948, according to Reserve Bank's publication, referred to above, were Rs. 12.86 crores. In the four years 1948-52, there was an increase in these expenses of the order of Rs. 4.14 crores or 32 per cent. The estimated expenses for 1954, under the Labour Appellate Tribunal's Award, will show an increase of over Rs. 7 crores since 1948 or an increase of 58 per cent. No business can bear such a heavy increase.

These figures of mounting establishment charges do not tell the whole tale. No bank makes provision for gratuity payable to its "staff", in its annual establishment charges. If this were made, expenses would be higher. Estimated increases given in the preceding paragraphs are in this sense under-estimates.

NET PROFIT FALLS FROM RS. 13 CRORES IN 1948 TO ESTIMATED FIGURE OF RS. 8 CRORES IN 1954

The net profit of Indian scheduled banks, exchange banks, and non-scheduled banks in 1952 was Rs. 11.6 crores. In arriving at this figure no provision is made for payment of gratuity on actuarial basis nor is adequate provision made for depreciation in the value of Government securities held or investment by banks. If these provisions were made, the real figure of net profit would be less. Figures for 1953 are not available, but it is estimated that the profits for 1953 would be down by about Rs. 1 crore. Assuming that conditions for profit of banks for 1954 remain the same as in 1953, the increased establishment expenses, due to Labour Appellate Tribunal's Award, would mean reduction in profits by Rs. 2½ crores on 1953 figure. In other words the net profit of banks, which stood at Rs. 13 crores in 1948, Rs. 11.6 crores in 1952, and is estimated at Rs. 10.6 crores in 1953, will further dwindle to Rs. 8 crores in 1954 or even less.

LESS INCOME TAX FOR GOVERNMENT

Apart from such serious repercussion, which this fall in profits will have on the price of banks' shares and stability of banks, this will mean a deterioration in income-tax receipts of the Government of India to the extent of about Rs. 1.50 crores on the 1952 basis.

BURDEN OF ESTABLISHMENT CHARGES IN RELATION TO BUSINESS AND PROFITS HEAVIER THAN IN U.S.A.

Establishment expenses of banks in India, as compared to their deposits and their gross profits, are much heavier than even in the richest country of the world, the United States of America. In 1952, establishment expenses of Indian scheduled banks worked out to 1.8 per cent on their deposits, as compared to only .84 per cent in the case of American banks. From the point of gross profit, establishment expenses of Indian scheduled banks absorbed 50.86 per cent of such profit as compared to 33.1 per cent in the case of American banks. These percentages in the case of American banks have remained practically unchanged during the 5 years, 1948 to 1952, but in the case of Indian banks they were in 1948 only 1.09 per cent and 44.81 per cent respectively, showing that the load of establishment expenses on deposits has increased by 65 per cent and in point of gross profit they absorb 14 per cent more. Banks in India have already been working on very thin margin and this would again become much thinner as a result of the Award, endangering the very stability of banks. Banks are subject to substantial losses due to adverse events in market conditions and sudden depreciations in the value of their investments. The capacity of banks to bear such shocks, which is already low in India, would further deteriorate as a result of the Appellate Tribunal's Award.

BANKS WILL BE COMPELLED TO RAISE CHARGES FOR SERVICES

To meet the increased burden of establishment expenses, banks may have regretfully to increase their charges for banking services to the public. Such increase would no doubt be borne by industry, merchants, consumers, exporters, etc. On account of decreased activity it may mean even decrease in exports because export market is highly competitive. At a time when money rates are being deliberately reduced in the world money market, the latest being fall of ½ per cent in Bank of England Rate, which is now 3 per cent, increase in bank charges would adversely affect production, employment and payment of balance position. No doubt such increase is to be regretted, but the banks have no other alternative.

CLOSING OF BRANCHES AND INCREASED UNEMPLOYMENT

Another result of the implementation of Labour Appellate Tribunal's Award would be that banks will not only not open new branches so necessary for the national economy, but they will have to close down several of their existing branches, which will reduce facilities of banking services to the public and throw out of employment thousands of men. Exact particulars are not available, but it looks that on the basis of 10 per cent closure, nearly 400 offices of banks, out of 3,900 at the end of 1952, may be closed. Assuming 10 employees, on an average, are employed at each of these branches, nearly 4,000 people may be thrown out of employment. Over and above the people actually working at these branches there will be surplus, due to closure, in the supervisory and inspection staff; and the number of men to be retrenched may be anything between 6,000 and 10,000. India needs tremendous expansion in banking activities and enlargement of avenues of employment. Not only both these objectives would be completely frustrated by the Award, but on the contrary there would be worsening in the present position.

RECOMMENDATIONS OF RURAL BANKING COMMITTEE NULLIFIED. FIVE-YEAR PLAN IN DANGER

Recommendations of the Rural Banking Enquiry Committee could not be implemented because of heavy establishment charges imposed by labour awards. Banks and business men alike represented to the Shroff Committee that emoluments of bank clerks and subordinates were beyond the capacity of banks and the present condition of the country's resources. The Applate Tribunal's Award has made the position much worse. If this Award continues, the recommendations of the Shroff Committee will be equally infructuous. The Five-Year Plan will itself be in danger, let alone the difficulties of the private sector, which will be further accentuated.

FUNDAMENTAL PRINCIPLES OF LABOUR POLICY IGNORED

The Indian Industrial Tribunals have been conspicuous by their ignoring certain fundamental principles of fixing terms of employment. No country or economy can ever prosper if differential conditions of employment for the same class of people in different sections of production are fixed, and if principles which give incentive for efficiency and advancement are violated. Sooner or later other employees of equal skill in different sections of employment would take up the cry for more emoluments. Government, which is the biggest employer, will have to follow suit, necessitating increase in taxes and thus undermining the whole national economy. The report of the Swedish Federation of Trade Unions on "Trade Unions and Employment" clearly lays down that demands which will increase wage differences between workers performing work requiring similar physical efforts and mental qualifications, should be discouraged, and a favourable view of wage differentials based on differences in skill and ability should be taken. The Labour Appellate Tribunal's Award is a complete negation of these fundamental principles. The number of employees in banks subject to industrial legislation is estimated at 60,000. This figure is accepted in the Sastry Award. To legally impose terms of employment for such a microscopic element of the country's population, far in excess of what is possible in the case of other people of similar educational attainments, because the country's resources are so limited, is not at all the idea of social justice, or welfare state—on the contrary it is a negation of these principles and tantamount to creation of a new caste with a power of veto on country's economic advancement.

GOVERNMENT'S DUTY

Banking is the life blood of national economy. If banking becomes unhealthy, there can be no improvement in our economy or standards of existence. It is, therefore, Government's duty not to treat the dispute between banks and their employees, or any award given thereon by any labour tribunal as merely a labour question, but as a problem affecting the country's national prosperity, embracing all sectors of business and industry and even national revenue, and transcending the narrow boundaries of employment in banks. It is, therefore, imperative that the whole question of service in banks should be examined by an Expert Committee consisting of Bankers, Chartered Accountants, Economists and Expert Administrators; and in the meantime emoluments of employees in banks, subject to Award, should be frozen at the present level and no annual increments for anyone until their report. The Government have power under the Industrial Disputes Act to do so. If the Government do not accept this recommendation then let them approve Sastry Award, as an interim measure, without any need to give future increments. They have precedent for this. On a previous occasion Government compelled banks by

special legislation to follow directions of Sen Award in the matter of emoluments to staff, even though Sen Award was declared to be without jurisdiction by the Supreme Court. But places having population of less than 50,000 should be exempted even from Sastry Award. And in the meantime special committee referred to in this para should fully examine terms of employment in banks keeping in view conditions of general employment in, and resources of, the country and how far it is prudent to permit creation of a service, with conditions of employment greatly out of alignment for employment for similar talent and skill in other spheres. Government should not shirk this duty from political considerations.

EMOLUMENTS OF CLERKS CONSISTING OF BASIC PAY, D.A. AND HOUSE RENT
'A' CLASS BANKS

AREA I

	Sen Award				Appellate Tribunal Decision				Sastry Award	
Year	Bombay D.A. at 3 slabs	Calcutta D.A. at 2 slabs	Ahmedabad D.A. at 1 slab	Delhi D.A at 3 slabs	Bombay	Calcutta	Ahmedabad	Delhi	Bombay and Calcutta	Ahmedabad, Delhi and Madras
1st ..	129/8	121	110/8	127/8	143	143	141	141	128	126
8th ..	186/8	174/8	161	184/8	198/8	198/8	195/8	195/8	180	177
15th ..	247/8	232	215	245/8	277	277	274	274	254/8	251/8
25th ..	368/8	348/8	324/8	365	414	414	410	410	366	362

AREA II

Year	D.A. at 1 slab	D.A. at 2 slabs	D.A. at 3 slabs	D.A. at 4 slabs	D.A. at 5 slabs	At Kanpur, Hyderabad, Secunderabad & Bangalore	At other places	Kanpur, Hyderabad and Bangalore	Other places
1st ..	89/8	96/8	104	111/8	119	128	122	109	103
8th ..	128	138/8	148/8	159	169	170	161	150/8	141/8
15th ..	175/8	188/8	202	215/8	229	240/8	231/8	217	208
25th ..	266	284/8	302/8	328	338/8	363/8	351/8	317	305

AREA III

Year	D.A. at 1 slab	D.A. at 2 slabs	D.A. at 3 slabs	D.A. at 4 slabs	D.A. at 5 slabs		
1st ..	76/8	82/8	89	95/8	102	113	91
8th ..	108	116/8	125/8	134	143	148	126/8
15th ..	147/8	159	170/8	182	194	213	180
25th ..	228/8	244/8	261	277/8	293/8	326	267

EMOLUMENTS OF CLERKS CONSISTING OF BASIC PAY, D.A. AND HOUSE RENT
'B' CLASS BANKS

AREA I

	Sen Award				Appellate Tribunal Decision				Sastry Award	
Year	Bombay D.A. at 3 slabs	Calcutta D.A. at 2 slabs	Ahmedabad D.A. at 1 slab	Delhi D.A. at 3 slabs	Bombay	Calcutta	Ahmedabad	Delhi	Bombay and Calcutta	Ahmedabad, Delhi and Madras
1st ..	124/8	116/8	106	122/8	135	135	133	133	116	114
8th ..	181/8	170	156/8	179/8	179	179	176/8	176/8	153/8	150/8
15th ..	242/8	227/8	211	240/8	251/8	251/8	248/8	248/8	220	217
25th ..	363	343	319/8	359/8	380	380	376	376	331	327

AREA II

Year	D.A. at 1 slab	D.A. at 2 slabs	D.A. at 3 slabs	D.A. at 4 slabs	D.A. at 5 slabs	At Kanpur, Hyderabad, Secunderabad & Bangalore	At other places	Kanpur, Hyderabad and Bangalore	Other places
1st ..	85	92	99	106	113	120	114	102	96
8th ..	124	134	143/8	153/8	163/8	151	145	132/8	126/8
15th ..	171	184	197/8	210/8	223/8	219	210	196/8	186/8
25th ..	261	279	296/8	314/8	332/8	339	327	299	287

AREA III

Year	D.A. at 1 slab	D.A. at 2 slabs	D.A. at 3 slabs	D.A. at 4 slabs	D.A. at 5 slabs		
1st ..	72	78	84	90	96	106	82
8th ..	103/8	112	120/8	128/8	137	135	108
15th ..	143/8	154/8	166	177	188/8	192	158/8
25th ..	223	239	255/8	271/8	287/8	303/8	240

EMOLUMENTS OF CLERKS CONSISTING OF BASIC PAY, D.A. AND HOUSE RENT
'C' CLASS BANKS

AREA I

	Sen Award				Appellate Tribunal Decision				Sastry Award	
Year	Bombay D.A. at 3 slabs	Calcutta D.A. at 2 slabs	Ahmedabad D.A. at 1 slab	Delhi D.A. at 3 slabs	Bombay	Calcutta	Ahmedabad	Delhi	Bombay and Calcutta	Ahmedabad, Delhi and Madras
1st ..	117	109/8	99/8	115	127	127	125	125	109	107
8th ..	165/8	155	142/8	163/8	158	158	156	156	138	136
15th ..	219	205	189/8	217	229	229	226	226	198/8	195/8
25th ..	338/8	319/8	297/8	335/8	354/8	354/8	350/8	350/8	313	309

AREA II

Year	D.A. at 1 slab	D.A. at 2 slabs	D.A. at 3 slabs	D.A. at 4 slabs	D.A. at 5 slabs	At Kanpur, Hyderabad, Secunderabad & Bangalore	At other places	Kanpur, Hyderabad and Bangalore	Other places
1st ..	79/8	86	93	99/8	106	114	108	93	87
8th ..	118/8	128	137/8	147	157	141	135	117	111
15th ..	164/8	177/8	190	203	215/8	198/8	189/8	167/8	158/8
25th ..	242	259	276	293	310	315/8	303/8	269	260

AREA III

Year	D.A. at 1 slab	D.A. at 2 slabs	D.A. at 3 slabs	D.A. at 4 slabs	D.A. at 5 slabs		
1st ..	67/8	73/8	79	84/8	90/8	100	79
8th ..	99	107	115/8	123/8	131/8	125	102/8
15th ..	138	149	159/8	170/8	181/8	174	142/8
25th ..	206	221/8	236/8	251/8	267	281	231

DEARNESS ALLOWANCE

	Sen Award					Sastry Award				Appellate Tribunal Decision				
Salary	D.A. at 1 slab	D.A. at 2 slabs	D.A. at 3 slabs	D.A. at 4 slabs	D.A. at 5 slabs	Area I Salary	D.A.	Area II Salary	D.A.	Area III Salary	D.A.	Area I Salary	D.A.	Area II Salary	D.A.	Area III Salary	D.A.
62	5/8	11/8	17	22/8	28/8	66	35	66	20	66	25	69	50	63	45	99	40
101	9	18	27	35/8	44/8	100	35	100	33/8	100	33/8	100	50	100	45	100	40
199	15/8	31/8	47	62/8	78/8	200	66/8	200	60	200	40	200	90	200	80	200	70
248	18	36/8	54/8	72/8	90/8	280	70	245	60	227	40	280	113	255	96/8	245	81
290	20	40/8	60/8	—	—	—	—	—	—	—	—	—	—	—	—	—	—

CEYLON'S NEW TRADE INDICES

THE Central Bank of Ceylon in the April issue of its Bulletin has described a new series of trade indices which is intended to operate side by side with the existing series compiled by the Department of Census and Statistics. The purpose of the new indices is limited. The reasons that actuated the Central Bank's Department of Economic Research to make a search for new indicators in the fluctuating trends in trade were quite simple. Their aim was essentially to serve a practical purpose. It was to prepare a set of indices with a larger degree of reliability obtained by reducing the possible margin of disparity between the average of monthly indices and the annual average figure within narrow limits. This object was sought to be achieved by adopting a uniform base method for both the periodical indices, so as to ensure that the monthly figures project—as far as this is feasible—the trends in the annual indices.

The precise purpose of the need to reform the series of trade indices in use can be appreciated adequately only with reference to the anomalies to which they gave rise. The monthly price indices prepared by the Department of Census and Statistics adopt the fixed base weights method, while the annual price indices rest on the moving current weights method. This basic divergence in the method of computation has obviously affected the final result, created a substantial disparity in the trends as revealed by the sets of the two periodical indices and detracted in some measure from their value and dependability. To make this point specific, in 1952 the discrepancy between the annual index and the average of monthly indices was as great as 8 per cent. The repercussions of these disparities on the index of the terms of trade were obviously marked. The average of the monthly figures of the terms of trade for a full year showed variations from the annual index which were hard to reconcile. In 1953, while the monthly indices for three quarters ranged below the level of 80 and the maximum for any month was 83, the annual index of the terms of trade worked out at 84 per cent. The root of this anomaly is easily seen in the different base weights adopted for the two sets of indices. The Central Bank's new series discards the moving current weights system for the annual indices and accepts for the monthly as well as annual, indices the fixed base weights methods.

There is still another improvement which has been incorporated in the new trade indices. It relates to the base period. The indices compiled by the Department of Census and Statistics rest on 1948 as the base year. For good reasons, the new series issued by the Central Bank chooses to accept a broader base of five years—1948-52. It could not be argued by any stretch of reasoning that 1948 was a typically representative year for Ceylon's trade. Severe trade control, and significant import control policy, vitiated the value weights of different goods and made it anything but a representative year. The broad base extended over a period of five post-independence years has enabled the major trends in the external trade to be incorporated in it. In relative assessment, the latter base has much to commend it and assuredly it is to be preferred to a single base year. But its limitations need not be overlooked. Items which have shown great variations had nevertheless to be retained for reasons of securing wide coverage and the scope for elimination of items which had assumed great weight in the individual year 1948 and for incorporation of other items which emerged with importance afterwards was restricted. Like the composition of the foreign trade of all underdeveloped countries, the composition of Ceylon's external trade lacks in diversification. One more reservation needs to be entered. This five-year period bears the impress of the post-war, Korean boom and post-Korean influences, the balance in the composition of imports is still upset by the preponderance of food imports and some of the staple exports are now under adjustment. Given a reasonably long period of normalcy, there may be reason to make a search for a more representative period. But in the present context, and in view of the wide margin of discrepancies mentioned in the foregoing description, 1948-52 offers a satisfactory base period.

Abnormal elements in the trade and factors extraneous to it in a strict and narrow sense have been eliminated to the extent possible in computing the indices. The fixed base weights used in the new series are derived from the average experience of the five years. In the price indices, the average unit values are calculated from the gross quantities and values of imports and as for exports, they are estimated with reference to exports of domestic goods only. The volume indices indicate net quantities—exports do not include re-exports but are confined to domestic exports only and imports too are net of re-exports. The group indices have involved some minor changes and adjustments. Their bearing on the final indices need not be exaggerated.

The fresh light thrown on the movements of the terms of trade by the new price indices of exports and imports is apparent from the table below:

TABLE I

PRICE INDICES OF TRADE

	Exports	Imports	Terms of Trade
1948	100	100	100
1949	106	96	111
1950	143	99	144
1951	173	119	145
1952	133	128	104
1953	136	118	116

The swing in the terms of trade index from the peak figure of 145 in 1951 to the low level of 104 in 1952 is a measure of the serious impact of the collapse of the Korean boom on Ceylon's external trade. She shares this experience and abrupt dislocation with several primary producing countries. The position was retrieved last year and the terms of trade improved to 116. If, however, the balance of trade position in 1953 showed considerable deterioration in relation to 1948—in the latter year there was no trade deficit, while last year it took a sizable turn—it is to be explained by the steep increase of 35 per cent in the volume of imports between the two years which was inadequately offset by a rise of only 16 per cent in the volume of exports. Nevertheless, the favourable terms of trade demonstrate the role of staple exports. Despite its steep decline from 364 per cent in 1951 to 222 in 1953 rubber export price retains the highest level of increase among the exports. Tea price has staged a recovery to 24 per cent in 1953, but the group of major coconut products had a lower rise at 11 per cent last year. The import price index shows some easing of the tension exerted in 1952. The greatest relief in import prices has been brought by textiles (whose prices rose above the base period only once in 1951) where the price slump was as marked as 24 per cent. Capital goods cost the country an increase of 21 per cent in 1953. The major items of costly imports, however, are food and other consumer goods. Their indices rose in 1953 by 26 per cent and 27 per cent respectively.

Of greater importance than the price indices and indicating a tangible growth in trade are the indices of the volume of exports and imports. As calculated in the new series they work out as below:—

TABLE II

INDICES OF VOLUME OF TRADE

(A) Exports

	Tea	Rubber including liquid Latex	Three Major Coconut Products	Eighteen Minor Export Products	All Exports
1948	100	100	100	100	100
1949	101	95	98	117	100
1950	101	128	112	127	110
1951	103	111	135	136	111
1952	106	102	157	117	112
1953	113	105	138	125	116

(B) Imports

	Food and Drink	Capital Goods	Textiles	Other Consumer Goods	All Imports
1948	100	100	100	100	100
1949	101	118	130	113	110
1950	113	119	144	111	118
1951	113	154	144	162	133
1952	113	148	170	159	135
1953	121	143	152	156	135

The major trends disclosed by the indices of trade volume are instructive at least in relation to the coming years. If the export prices index owes its high level to rubber, the incentives offered by higher prices could not stimulate steady expansion of output. The volume index for rubber has gained by 5 per cent as against an overall gain of 16 per cent in 1953, coconut products have registered quantitative expansion by 38 per cent but in aggregate earnings they do not hold the same pride of place. The increase in tea export is steady, reassuring and a source of strength to foreign trade.

Imports have recorded substantial increases in volume in response to the higher money incomes inside the country. The index of the volume of capital import rose by 43 per cent in 1953 which indicates a good degree of investment in business and industry both in replacement and expansion. Barring this notable exception, all other group indices show higher standards of consumption. The population increase in this five-year period is estimated at 15 per cent. It is far exceeded by the quantities of consumer goods imported, although food imports show the smallest rise of 21 per cent. The progressive increase in the volume of imports may be accounted in part by the high rate of government spending.

IN BIHAR

It's THE SEARCHLIGHT & PRADEEP

For years advertisers have consistently used the columns of THE SEARCHLIGHT (English Daily) and PRADEEP (Hindi Daily) to sell their products in Bihar. The reason is simple : no other paper can give such satisfactory coverage of the territory as THE SEARCHLIGHT and PRADEEP.

And Remember:

Bihar is becoming an increasingly prosperous market. The Five-Year Plan has allotted a sum of Rs. 57.79 crores for the development and improvement of the State's agriculture and irrigation, transport and social services. The efforts to raise the standard of living of the people are already bearing fruit. In Bihar, more and more goods and services are in demand now—a demand that will continue to increase every day. That's why *more* advertisers are today using *more* space in THE SEARCHLIGHT and PRADEEP than any time in the past.

CASH IN ON THE RISING BIHAR MARKET

Advertise

in

THE SEARCHLIGHT & PRADEEP

(English Daily) PATNA (Hindi Daily)

THE BUSINESS WORLD

REPORT ON SPICES

The Report of the Spices Enquiry Committee, released over the week-end, should serve at least the purpose of highlighting the importance of the not quite-neglected but all the same very uncertain crops of South India, which are now of immense value from the point of view of the entire country, because they are dollar-earners. The report describes a situation of exceeding complexity; and the reasons therefor are not difficult to find. The value of pepper, cashewnuts, ginger, turmeric, and lemongrass oil has become apparent all of a sudden as a result of war and post-war developments. There has been little scope for forward planning, for the energies of those engaged in this trade have been more or less used up in keeping abreast of the very violent price fluctuations.

Obviously, this situation could not last. That it has lasted for so long must itself be attributed only to the accident which has delayed the completion of the present enquiry. The long-term problems which remain, can be described more or less as follows.

PEPPER

The yawning gap between official and trade estimates makes this par excellence a speculator's commodity. This is problem No. 1 and the Committee has suggested that it should be tackled on the basis of pilot surveys intended to establish the actual production.

The Committee has emphasised the importance of a reduction in price, but beyond a point, it is doubtful if price elasticity means much; and certainly, propaganda in order to extend the estimated world consumption must be undertaken with the following objects principally in view:

(a) co-operation must be sought with Indonesia in order to extend the propaganda for pepper as against its competitors now carried on by the American Spice Trade Association.

(b) the quality and packing of Indian pepper must be improved, and in order to ensure this, co-operative organisations should be encouraged.

The sum of Rs. 1 crore, which the Committee has allocated for pepper, will be well-spent if it is used in these directions.

CASHEWNUTS

Recent upsets in this trade—66 factories remaining closed as a result of the fall in demand and the crisis in purchasing the raw material second-hand from Bombay—illustrate the extraordinary results which can follow from a complete neglect of this commodity. The main problems of this industry are:

(a) to establish direct links between suppliers of the raw material in Ceylon and East Africa, eliminating middlemen who perform no recognised functions,

(b) to standardise quality and packing,

(c) to extend cultivation in India, both extensively and intensively. The possibilities of doing this will be apparent from the fact that Indian production varies in yield from about one-fifth to less than one-half of what is believed to be possible,

(d) to undertake propaganda for cashewnut kernels and cashewnut oil in dollar as in non-dollar markets, and

(e) to find uses for the by-products.

The sum of Rs. 25 lakhs which has been allocated for this purpose will just about cover these needs.

CARDAMOM

Here, the two main problems are to discover alternative uses for cardamom oil and to extend the internal market.

GINGER

There are marginal possibilities of substituting ginger from Sierra Leone and Jamaica in the world markets, but the internal market, as in the case of cardamom, seems to be the mainstay. The crop is uncertain. It is not fumigated. Storage and warehousing are inadequate and holding power of the growers limited, so that price fluctuations cannot be prevented. Obviously, all this must be remedied.

TURMERIC

Prima facie, the same remarks would seem to apply also to turmeric.

LEMONGRASS OIL

The soap and aromatic industries and the manufactures of ionones and synthetic Vitamin-A should provide a stable and growing market for lemongrass oil. The local industry must, however, first organise itself on the following lines before any expansion can be thought of:

(a) the contract terms should be revised so as to specify a minimum of 75 per cent of citral content, with allowances for higher quality,

(b) the suitability of Indian lemongrass oil for the manufacture of ionones and synthetic Vitamin-A must be proved by the establishment of a commercial plant, and

(c) the extraction rate of the oil, which varies considerably, must be improved on the average.

The situation in which producers and traders concerned with these commodities find themselves today is critical in the sense that the post-war prosperity can now either disappear or be consolidated. If these post-war gains are to be retained, however,

(i) a comprehensive survey of the American market and of the American food industries must be undertaken by an autonomous and responsible body,

(ii) salesmanship for the United States market must be studied carefully and minimum conditions must be enforced in respect of exports.

The individual problems of the various industries are, it will be seen, many and difficult and only sustained direction and intensive administration at a regional level will lead to any improvement. The Spices Enquiry Committee recognises this, but it may be mistaken in thinking that a single high-powered board, adequately constituted and provided with the necessary finances, will not be able to manage the problems. The spices trade in this country has been far too long neglected and left to itself. Only a full-time Committee can now do anything to improve production, quality, and exports and to stabilise the trade.

IOB

THE INDIAN OVERSEAS BANK LTD., MADRAS

Established 1937.

Subscribed Capital ... Rs. 50,00,000
Paid-up Capital ... „ 49,04,925
Reserve Fund ... „ 22,50,000

Branches in India, Burma, Ceylon, Malaya and Thailand.

FOREIGN CORRESPONDENTS AT ALL IMPORTANT COMMERCIAL CENTRES

For those who trade abroad The Indian Overseas Bank provides an efficient service through its own branches and a world wide system of Agents and Correspondents.

★ SAFETY LOCKERS: For those people who prefer to keep their documents and valuables etc. under their own private control, SAFETY LOCKERS of various dimensions are available at our Calcutta Branch.

1082-4

Busy men all over the world have come to rely for guidance on weekly journals; they find the kaleidoscopic changes in national and international affairs too rapid and too deep for daily newspapers. Those of discriminating taste choose periodicals which deal with the countries and subjects in which they are interested.

THOUGHT

has earned distinction among Indian journals for its foresight and sober judgment in the nation's political, social and cultural affairs. It has built up a pool of original writers and critics who comment on events with a rare insight and balanced judgment.

THOUGHT's opinion on national and international affairs always claims the ear of responsible persons and organs of public opinion.

Subscription rates:

	ANNUAL	SIX-MONTHLY
Inland	Rs. 12-0-0	Rs. 6-8-0
Foreign: For ordinary sea mail edition	$1.10	17/-
	$5.00	$3.00
For Air Edition:		
EUROPE	£3.17	£2.00
AMERICA	$12.00	$6.50
ASIA	£3.10	£1.17

THOUGHT
35, Faiz Bazar,
DELHI-7
India

IMPERIAL BANK OF INDIA

BANKING FACILITIES OF EVERY DESCRIPTION

Local Head Office
CALCUTTA - BOMBAY - MADRAS
and Over 400 Branches and Sub-Offices throughout India, Pakistan, Burma and Ceylon.
London Office
25, Old Broad Street



To prospective and existing industrial undertakings requiring expert organizing skill, technical advice and financial assistance, the J. K. Commercial Corporation Ltd., offer their services as Managing or Selling Agents

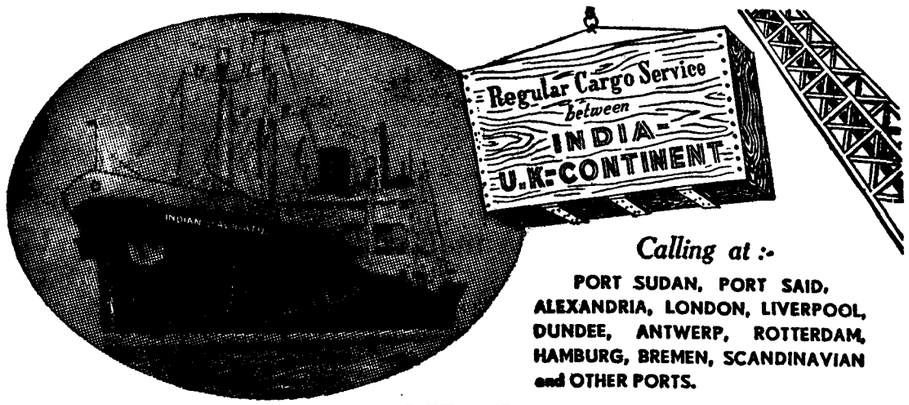
Authorised Capital	Rs.	1,00,00,000
Subscribed Capital	Rs.	14,37,000
Paid-up Capital	Rs.	14,37,000

The Corporation's Board of Directors is composed of industrialists and businessmen having a record of consistently successful careers in industrial and commercial spheres

DIRECTORS

Lala Parshottam Das Singhania
Lala Sohan Lal Singhania
P D Chanda Rana, Esq.

J.K. COMMERCIAL CORP. LTD.
KAMLA TOWER KANPUR



Calling at :-

PORT SUDAN, PORT SAID, ALEXANDRIA, LONDON, LIVERPOOL, DUNDEE, ANTWERP, ROTTERDAM, HAMBURG, BREMEN, SCANDINAVIAN and OTHER PORTS.

Our Fleet :-

S. S. INDIAN PIONEER S. S. INDIAN ENDEAVOUR
S. S. INDIAN TRADER S. S. INDIAN EXPORTER
S. S. INDIAN SHIPPER S. S. INDIAN NAVIGATOR
S. S. INDIAN EXPORTER S. S. INDIAN MERCHANT
S. S. INDIAN COMMERCE

INDIA STEAMSHIP COMPANY LIMITED

Managing Agents :- LIONEL EDWARDS LTD.
D-I, CLIVE BUILDINGS, • CALCUTTA-1.

STAND SOLIDLY BY INDIAN MERCHANT MARINE

BUSINESS NOTES

TRADE WITH U.K.—FIRST QUARTER

The U.K. trade and navigation accounts which bring the figures up-to-date till the end of the first quarter of 1954 disclose that in March too India registered a trade surplus with U.K., so that during the whole of the first quarter this country was in surplus. In terms of value, trade between the two countries either way showed a rise. Imports into India improved by 3.63 million, while exports from India also improved by a much larger margin of £16.41 million in the first quarter of 1954 over the corresponding quarter of the previous year.

The surplus which India has built is thus the result of a progressive increase in her exports, but the current size of imports is by no means a matter for gratification. In view of the movement of prices in general, it is legitimate to infer that the trends in the value of imports and exports also reflect corresponding trends in volume. Machinery forms the most important import into India from the U.K. Electric machinery and equipment declined in value this year by a small margin from £4.94 million in the first quarter of 1953 to £4.15 million in the same quarter this year. In other categories there was a larger intake by this country. Thus during the two quarters, chemical machinery imports improved from £2.42 million to £3.76 million, road vehicles and aircraft from £1.84 million to £2.70 million, and so forth.

Tea and textiles have maintained their principal shares in the higher exports to the U.K. During the first quarter of each of the two years, exports of textile manufactures jumped from £1.90 million to £5.67 million. Exports during the first three months of 1954 are very near to the exports in the first six months of 1953 valued at £5.70 million. The gains are likely to be continued since there is no element of seasonal fluctuations in this increase. The contribution of tea is spectacular. Tea exports to the U.K. shot up from £10.64 million to £22.08 million during the two periods selected for comparison. Even the exports for the first half of 1953 were lower at £18.77 million. Since shipments of tea have slackened and cannot be revived at full speed until after the end of summer, the second quarter of this year can be expected to make a small addition to earnings.

EXPORT OF OILS AND SEEDS

The claim of the Government for a timely adjustment in the export duty on a range of oils and oilseeds announced last week, to move in step with the changing market trends has been conceded by the trade in respect of most of the products concerned, the exception being where the readjustment has taken the form of an upward revision of the duty. These cases need to be examined first. The imposition of a duty of Rs. 150 per ton on exports of kardiseed, nigerseed and h.p.s. groundnut has been attacked mainly on the ground of the flat rate. There is surely much force in the contention that kardiseed quoted at Rs. 19 per cwt., nigerseed at Rs. 29 and groundnut at Rs. 40 ought not to have been bracketed together for the levy and equity required that differential duties be charged on their exports. If the purpose is to discourage export of seeds, even then the hardship caused cannot be justified so long as export is allowed. Kardiseed will be compensated by the abolition of duty on export of kardi oil. The abolition of duty on other low-priced oils like this will take away the incentive from the smuggling transactions with Pakistan.

Complete relief to linseed oil from export duty is unlikely to alter the prospect for its overseas sale on any mentionable scale. The U.S. is still a large seller in the international market for linseed oil and Indian prices are considerably above parity prices. The reduction in duty is not calculated to make a tangible difference and the outlook can improve with world prices hardening up. On this score, London expects prices to pursue a high level, but the existing gap for the Indian commodity will take long to be covered.

The main interest at the present moment centres round the prospect for the promotion of castor oil export for which the duty has been reduced substantially from Rs. 300 per ton to Rs. 200 per ton. The relief has been welcomed by the trade, but the halting policy and delay in announcing export quotas continue to be factors of retardation in pushing up sales abroad. Since the expiry of the export quota policy at the end of April last, no announcement has been made and the state of suspension has added to the uncertainty. It is, of course, to be presumed that the policy, if anything, will be liberalised. But the main determining factor will be how the foreign markets react to the Indian decision and at what level prices get adjusted there. This is a point on which there can be no confident forecast.

HELP FOR ROPE MANUFACTURE

Rope manufacture, on an organised and up-to-date mechanised scale, has utilised the opportunities for development offered to it since the war, and on the score of quality and production costs it would appear that there is general agreement about the progress it has registered. But a stage has been reached now when the gains recorded so far need to be consolidated. Perhaps, it would be more appropriate to state that the phase has arrived, when measures ought to be taken to prevent any deterioration in the industry. The problems which have been posed before it are not its peculiar problems. They have come in the wake of the return of the buyer's market and it may be added that the risk of recession cannot be altogether ruled out as irrelevant to the prospect of the near future. The easing in the pressure of U.S. demand for stockpiling and improvement practically everywhere in the manufacturing countries have increased the strength of competition. Mr. H. N. Mukerjee, President of the Indian Rope Manufacturers' Association, makes some specific proposals for aid to the industry in this changed context.

The available forecast about the supply of the two major imported fibres—manilla and sisal—this year indicates the probabilities of shortage. In view of it, prices would very much be governed by the policies that are likely to be adopted by the leading manufacturing countries, including the U.S., the U.K. and Japan. The O.G.L. which places these fibres on the free list for import in India expires by the end of September next and the industry pleads for its extension. Since the import is limited in quantity, the element of speculation leading to any abuse of the O.G.L. is practically non-existent. The other demand put forth by the industry is a downward revision of the railway freight rates on ropes. The current rates are related to the rates for transport of the fibre which has been placed in a higher category. It is the case of the industry that this classification is nominal and not effective in practice and the rates actually charged are special rates. Its contention deserves to be considered with sympathy. In view of the contracting home demand, the industry pleads for a lifting of the ban on export of manilla ropes. India's case, so it argues, is on a par with several Commonwealth countries, which import the fibre on payment of dollars but allow export of the rope to sterling markets. The easier dollar exchange position and prospect of shipments to neighbouring countries at competitive prices are pressed as important considerations for removing the ban. The grievance of the Association about granting of orders for Govern-

ment requirements to units with lower technical efficiency merely on price consideration, without regard to quality of product, is difficult to accept at its face value. It calls for proper investigation whether Government departments get the quality for the price they pay.

NITROGENOUS FERTILIZERS AT SINDRI

The project of adding one more plant at Sindri for the manufacture of nitrogenous fertilizers has been carried one stage ahead. The background to the extension of plant at Sindri factory is now fairly publicised for some time. A large size coke oven battery which is at present under erection there is estimated to provide 10 million c. ft. of gas as soon as it goes into production this year according to schedule. Out of this, 4 million c. ft. gas is to be utilised for firing the coke ovens and the residue of 6 million c. ft. can best be utilised by conversion into ammonia. A quantity of 90 tons of ammonia per day is estimated to be available on conversion. Further processing of the product is expected to yield 70 tons of fertilizer grade urea and 110 tons of ammonia nitrate, or alternatively, 35 tons of fertilizer grade urea per day and 150 tons of ammonia per day.

The technical mission consisting of one representative of the Technical Co-operation Administration and three representatives of the Government of India has completed the first part of its assignment, which is to study at the fertilizer factories abroad the different processes of manufacture of nitrogenous fertilizers in order to come to a decision on a choice of a suitable plant at Sindri. The mission has conducted its study tour visiting Japan, the Continental countries and North America. Pursuant to its recommendation on the advisability of choosing any one of the manufacturing processes adopted in five major factories, tenders for the supply and erection of plants were invited from them. The terms of tender include time limit for putting the plant under production and guarantee of performance. Four out of the five firms have submitted their tenders and it is to be presumed that it will not be long before this stage of preliminaries will be gone through.

OUTLOOK FOR RUBBER

The last session of the International Rubber Study Group, which was concluded at Colombo last week, has again served to underline the basic problem of the natural rubber industry, which is that it is of the essence of its sound and secure growth that a reasonable relationship should be established and maintained between the prices of natural and synthetic rubber. In plain language it means that synthetic rubber has made considerable inroads on the sphere which almost exclusively belonged to natural rubber and if the competitive strength of natural rubber is to be safeguarded the price of synthetic rubber should be put up. The purpose of the recommendation asking the U.S. to raise the price of synthetic rubber was no other. The representative of the U.S. Government provided a constructive suggestion in another sense to the effect that economically feasible schemes may be adopted with profit by natural rubber producing countries for planting or replanting with high yielding strains, measures should be undertaken to reduce production costs and to improve the marketing organisation. The solution lies in both the approaches, but the second one is a long-term approach. Confident hopes about reaching an agreement on ways and means to stabilise world rubber markets were not entertained, since international commodity agreements have lost their erstwhile appeal. The absence of any such agreement at the session is to be interpreted in this light. Nevertheless, the work done on the draft buffer stock agreement indicates a strong desire on the part of the natural rubber producing countries, whose economies derive considerable sustenance from rubber exports, to use any available early opportunity to negotiate an agreement.

The co-existence of the two categories necessitates co-ordination in the overall policies that producers may have to adopt. The feeling of concern repeatedly expressed by the natural rubber producing countries is fully appreciated by the U.S. and there was an assurance from her of sympathetic consideration and readiness to proceed on a basis of consultation. Nevertheless, the delicate nature of the issue necessitates constant vigilance on the price relationship between the two categories. The Study Group has charged the management committee with this task and it has been specially enjoined to draw the attention of member governments to any important developments in the price situation. The Study Group's solicitude for this problem is not misplaced and in the current context it is well warranted. The excess of the estimated combined production of natural rubber and synthetic rubber (excluding the output of the latter in non-member countries) over the estimated consumption of both in 1954, is of the order of 16,000 tons. No strong ground exists to be optimistic over the probability that this surplus would be absorbed.

AN INADVERTENT STATEMENT?

According to a Press report, Mr. Lal Bahadur Shastri, the Union Transport Minister, is stated to have made two major announcements on the Government's policy on the nationalisation of motor transport in the course of his address before the Conference of the District Transport Workers' Union held at Karnal. Mr. Shastri is said to have stated that the Union Government endorses the policy of nationalisation of motor passenger services adopted by the State Governments, but cautions them against undertaking responsibilities beyond their capacity to bear. He is further stated to have announced that as soon as nationalisation of passenger services was completed, nationalisation of goods services would be taken up.

If this report is correct, it is clear that there is complete muddle in official thinking on a clear-cut policy on transport at present and in the near future. It is now accepted that the growing pressure of traffic on transport cannot be met by the railways and as an immediate measure motor transport must be liberalised and stimulated to obviate the possible contigency of transport scarcity hampering the progress of the development projects. Motor transport operators have, on a number of occasions, declared their readiness to expand road services. But they have laid down, quite reasonably, necessary conditions to enable them to do so. One chief condition is that, if adequate private investment is to flow into expansion of motor transport, the Government should make a categorical policy commitment suspending any further nationalisation of road services for a period of at least 10 to 15 years. Inadvertence is hardly a justification for the statement attributed to the Transport Minister. In any event, it is high time Government made a firm decision on this issue and left the industry in no doubt.

COAL MINES LABOUR WELFARE FUND

The income and outgo from the Coal Mines Labour Welfare Fund, which is built out of a cess of six pies per ton on coal and coke dispatched from the collieries, have attracted more attention than other industrial welfare funds for the reason that working conditions in far away coal mines are generally considered exacting. Viewed in the national perspective, it will be conceded that the scope of activities for the service and welfare of miners is being enlarged progressively. The report of the Fund for 1952-53 discloses that a total income of Rs. 1.27 crores from the cess accrued to it. Out of this, allocations for expenditure were made in the ratio of 7:2 to the General Welfare Account and the Housing Account, the actual amounts allotted being Rs. 46.82 lakhs and Rs. 9.63 lakhs.

The expanding size of the Fund's budget easily arrests notice and gives promise of progressive provision for its activities from year to year. To be more precise, since the Fund's inception in 1944-45 and the latest year of account 1952-53, the increases in revenue and expenditure have been as follows under the two broad categories: (A) General Welfare Account—Receipts: From Rs. 70,867 to Rs. 1,07,91,891 (Total during the period Rs. 5,09,23,641). Expenditure: From Rs. 2,01,452 to Rs. 46,81,970 (Total during the period Rs. 3,20,01,341).. (B) Housing Account: Receipts: From Rs. 11,18,862 in 1947-48 on a regular basis to Rs. 28,81,805 (Total during the period Rs. 2,64,69,562) Expenditure: From Rs. 6,46,485 in 1947-48 to Rs. 9,63,456 (Total during the period Rs. 91,06,959). The credits and disbursements have by no means followed a regular advancing scale and in fact allocations in some of the intermediate years have far exceeded the allocations for the latest year of account.

The activities of the Fund embrace a wide range of welfare services. The number of hospitals as well as that of maternity and child welfare centres has been stepped up and the growth in the number of patients taking benefit of the facilities is an index to their utility. Among the preventive measures, special mention needs to be made of the anti-malaria operations. In Jharia, the hotbed of malaria, for instance, the rate of morbidity declined from 57.09 per 1,000 in 1951 to 53.65 in 1952. Spray of residual insecticide was an important part of the preventive campaign. Other amenities which were provided on an increasing scale included more pithead baths, more miners' institutes, children's schools, women's welfare centres and adult education centres. In the sphere of housing the rate of subsidy to colliery owners was stepped up from 20 to 25 per cent. Under this scheme, sanction has been accorded for building 2,465 houses in 12 coalfields. The scheme has made a reassuring start with 282 houses completed so far and 504 under construction.

CONSUMERS' CO-OPERATIVES FOR RAILWAY EMPLOYEES

On the basis of an investigation conducted on a fairly comprehensive scale, the Railway Board has finalised a plan to spread a network of consumers' co-operatives on all the railways. The target fixed for the five-year period is establishing 210 primary societies at important centres. The assistance which the Railway Board is to offer to these co-operatives is, briefly, on the following lines:

(1) Appointment of six inspectors, employees of railways to be trained in co-operative organization and administration, one on each zonal railway.
(2) Subsidy to each new co-operative society, for the first three years after registration, up to a maximum limit of 50 per cent of its establishment and administrative charges.
(3) Interest-free loans from the staff benefit fund to societies which serve an area with less than 1,000 railway workers.
(4) Provision of suitable railway premises at the nominal rent of one rupee per month, or in the case of new colonies provision of a separate building for the purpose and elsewhere if the societies undertake to construct their own buildings, provision of railway land on long lease at a nominal rent.

Frankly, these consumers' co-operatives will not function on the principle of voluntary co-operation nor are they expected to do so in view of the fact that the membership will be on a floating and not stable basis. They will need official patronage in some measure. But railway employees posted at roadside stations or stations somewhat removed from cities or towns are subjected to considerable hardship and inconvenience in procuring their household requirements. Establishment of consumers' co-operatives, therefore, is a proper move. The assistance which the Railway Administration has decided to offer is modest. Nevertheless, since the co-operatives are to operate with its direct aid, a system of departmental supervision and check ought to be maintained to ensure that abuse and thriftlessness are not allowed to creep in. The Press summary of the investigation is silent on how the existing 60 primary societies are functioning.

THE BIRLA JUTE MANUFACTURING CO., LIMITED

NOTICE is hereby given that the Annual Ordinary General Meeting of the Shareholders of the Company will be held at the Principal Office of the Company, No. 8, Royal Exchange Place, Calcutta, on Wednesday, the 23rd June, 1954, at 3-30 P.M. for the following purposes:

(1) To receive and consider the Report of the Directors and to pass the audited accounts of the Company for the year ended 31st March, 1954.

(2) To declare dividends on Preference and Ordinary Shares.

(3) To elect Directors in place of those retiring by rotation.

(4) To appoint Auditors and fix their remuneration.

(5) As a special business to consider the following resolution which will be proposed as an Ordinary Resolution, viz.,

"RESOLVED that the sale of residential building at New Delhi at Rs. 3,00,000/- to Messrs. Paramsukhdas Suganchand of Bikaner, be and is hereby confirmed."

(6) To transact any other business which may be brought before the meeting with the permission of the Chairman.

The Share Transfer Books of the Company will remain closed from 7th June to 23rd June, 1954, both days inclusive.

By Order of the Board,

BIRLA BROTHERS, LTD.
Managing Agents.

CALCUTTA,
Dated 14th May, 1954.

NOTICE in particular to: Sm. Grihya Kumari, Sm. Sarojini Devya, Mrs. Rubie Nanda, Messrs. Ambika Charan Neogy, Gopal Chandra Das, Burjorji D. Mama, Andrew Gibb, Gayanath Shaha and C. K. Mistri and others.

NOTE: If dividends on shares as recommended by the Directors are passed at the meeting, THE DIVIDENDS WILL BE PAYABLE ONLY TO THE REGISTERED SHAREHOLDERS, whose names are on the Company's Register on the 23rd June, 1954. No application need be sent for dividend as relative Dividend Warrants will be posted to such shareholders by the 7th July, 1954.

The shareholders are requested at once to notify any change of address.

COMPANY AFFAIRS

THE BORREA COAL CO., LTD.

The audited accounts of the Borrea Coal Co., Ltd. (Managing Agents: F. W. Heilgers & Co., Ltd.), for the half-year ended December 31, 1953, disclose an available balance of Rs. 201,952 which is proposed to be distributed by paying a dividend or bonus per annum without any deduction for Income-tax paid by the Company on Preference Shares at 6½ per cent; on Ordinary shares at 20 per cent and on Ordinary shares at annas four per share amounting to Rs. 13,000, Rs. 75,000 and Rs. 18,750 respectively. Rs. 104,202 are proposed to be carried forward. The Profit and Loss Account shows provision for a sum of Rs. 30,244 for Depreciation; Rs. 137,839 for Taxation; Rs. 6,000 to Tax Contingency Reserve; Rs. 29,403 to General Reserve; Rs. 30,000 to Development Reserve; Rs. 15,000 to Dividend Equalisation Reserve and the sum of Rs. 106,183 brought forward from the previous half-year. Raisings and despatches during the half-year were 72,733 tons and 75,298 tons respectively, as compared to 72,735 tons raised and 71,086 tons despatched during the previous half-year.

THE BHULANBARAREE COAL CO., LTD.

The audited accounts of the Bhulanbararee Coal Co., Ltd. (Managing Agents: F. W. Heilgers & Co., Ltd.) for the half-year ended December 31, 1953, show a debit balance of Rs. 136,897 which is proposed to be carried forward. Rs. 26,270 have been provided for Depreciation writing back Rs. 11,071 overprovided previously against Taxation and including the Debit balance of Rs. 41,494 brought forward from the previous half-year. Raisings and despatches during the half-year were 63,363 tons and 76,334 tons respectively, compared to 72,010 tons raisings and 64,457 tons despatches during the last half-year. Raisings were adversely affected as a result of mining difficulties.

THE ONDAL COAL CO., LTD.

The Profit and Loss Account of the Ondal Coal Co., Ltd. (Managing Agents: F. W. Heilgers & Co., Ltd.) for the half-year ended December 31, 1953, shows an available balance of Rs. 184,912 which the directors propose to dispose of by paying a dividend of 6½ per cent per annum on Preference Shares; and a dividend of 20 per cent on Ordinary shares, both without any deduction for income-tax paid by the Company leaving a total of Rs. 103,412 which the directors have recommended be carried forward to the next half-year. Rs. 73,384 have been provided for Taxation, Rs. 74,764 have been transferred to General Reserve and Rs. 106,566 were brought forward from the previous half-year. Raisings and despatches were 74,888 tons and 68,186 tons respectively. Wagon supply is below productive capacity, though the movement from this area shows a slight improvement.

THE STANDARD COAL CO., LTD.

The audited accounts of the Standard Coal Co., Ltd. (Managing Agents: F. W. Heilgers & Co., Ltd.) for the half-year endeded December 31, 1953, show a sum of Rs. 84,141 to be carried forward to the next half-year, and a sum of Rs. 80,000 to be paid as dividends at the rate of 20 per cent per annum without any deduction for income-tax paid by the Company. The directors have allocated Rs. 1,000 for Depreciation, Rs. 94,186 for Taxation, transferred Rs. 29,572 to General Reserve and brought forward the sum of Rs. 87,018 from the previous half-year.

THE SENDRA COAL CO., LTD.

The Directors' report of the Sendra Coal Co., Ltd. (Managing Agents: F. W. Heilgers & Co., Ltd.) for the half-year ended December 31, 1953, show the Profit and Loss Account after providing Rs. 15,436 for Depreciation, writing back Rs. 14,089 overprovided previously against Taxation, and including Rs. 1,59,849 brought forward from the previous half-year, showing a debit balance of Rs. 2,06,478 which is proposed to be carried forward. Raisings and despatches were 67,480 tons and 61,143 tons respectively compared to 71,691 tons raised and 64,928 tons despatched during the previous half-year. These small despatches reflect the difficulties that collieries which are not prepared to give rebates have to meet.

NEW JOYRAMPORE COAL CO., LTD.

The Director's report of the New Joyrampore Coal Co., Ltd. (Managing Agents: Ram Saran Das & Rathor Ltd.) for the half-year ended June 30, 1953, show a provision of Rs. 16,368-10 for Depreciation, and Revenue Account discloses a small profit of Rs. 10,790-9-9 out of which the sum of Rs. 1,079-1 was paid as Managing Agents' Commission leaving a balance of Rs. 9,711-8-9, which was set off against the loss of Rs. 40,473-4 brought forward from the previous half-year disclosing a net debit balance of Rs. 30,761-11-3 in the Profit and Loss Account, which the Directors have recommended to be carried over to the next half-year. Raisings and despatches during the half-year were 18,031 tons and 16,784 tons as against 14,391 tons raisings and 16,466 tons despatches during the previous half-year.

THE
UNITED
COMMERCIAL
BANK LTD.
Head Office : CALCUTTA.
PAID-UP CAPITAL:
Rs. 2 CRORES.
RESERVE FUND:
Rs. 80 LACS.
FOREIGN BRANCHES:
IN PAKISTAN:
Chittagong, Karachi.
IN BURMA:
Rangoon, Moulmein,
Akyab, Mandalay,
Bassein.
IN MALAYA:
Singapore, Penang.
IN UNITED KINGDOM:
London.
ALSO AT:
Pondicherry, Hongkong.
Agents throughout the world.
All Types of Banking business transacted.
G. D. BIRLA
Chairman.
B. T. THAKUR
General Manager.
INVEST IN OUR
3-YEAR
Cash Certificates
UC-1/54

COMMODITY NEWS AND NOTES

SECOND ESTIMATE OF GRAM

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India second estimate of gram for 1953-54 puts the current year's area and production at 17,823,000 acres and 4,031,000 tons as against the last year's adjusted second estimate of 16,068,000 acres and 3,214,000 tons, thereby showing an increase of 1,755,000 acres or 10.9 per cent in area and 817,000 tons or 25.4 per cent in production. The increase in acreage has been shared by almost all the major gram-growing States, except Madhya Pradesh and Vindhya Pradesh. Substantial increases in acreage have been reported by the Punjab, Uttar Pradesh, Madhya Bharat, P.E.P.S.U. and Rajasthan due to timely and sufficient rainfall at the time of sowing. The decrease in Madhya Pradesh and Vindhya Pradesh has been attributed to inadequate soil moisture at the time of sowing.

FINAL ESTIMATE OF BAJRA

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of bajra for 1953-54 puts the current year's area and production at 28,820,000 acres and 4,246,000 tons, as against 26,550,000 acres and 3,150,000 tons in the partially revised estimate for 1952-53. This shows an increase of 2,270,000 acres or 8.5 per cent in area and 1,096,000 tons or 34.8 per cent in production over 1952-53. The increase in acreage under the bajra crop during the current year has been shared mainly by Rajasthan, Bombay, Hyderabad, Andhra and Mysore, and has been attributed to sufficient and timely rainfall received at the time of sowing. In Hyderabad, it is also due to more area brought under cultivation. Bihar, Madras, Uttar Pradesh and P.E.P.S.U. have, however, reported decreases in the current year's acreage under the crop. The decrease in Bihar is attributed to excessive rainfall and floods at the time of sowing. The increase in production is reported by almost all the bajra-growing States but is appreciable, in the main, in Rajasthan, Bombay, Madras, Andhra, Hyderabad, Saurashtra, Madhya Bharat, Mysore and P.E.P.S.U. Decreases in production during the current year have been reported by Bihar, Punjab, Uttar Pradesh and Vindhya Pradesh only. The production estimates for 1952-53 and 1953-54 in respect of Bombay, the Punjab, Uttar Pradesh, Hyderabad, P.E.P.S.U. and Rajasthan are based on the results of random sample crop-cutting surveys.

INDIA'S OUTPUT OF COAL AND COKE INCREASES

Coal and coke output in the country increased from 3,059,794 tons and 316,674 tons respectively in February, 1954, to 3,071,088 tons and 333,186 tons in March, according to the Chief Inspector of Mines in India. During the month, 848 collieries worked, employing on an average 326,581 workers daily. The output per man-shift for miners and loaders increased from 1.05 tons in February, 1954, to 1.08 tons in the month under review. The overall percentage of absenteeism was 13.96, representing an increase of 1.67 over the previous month's percentage.

ANALYSIS OF VEGETABLE OILS

The Planning Commission has observed that, in the context of the widespread adulteration of ghee and edible vegetable oils prevalent in the country, the grading of these commodities under the Agmark should be greatly encouraged so as to place pre-tested produce in the market for the benefit of the consumers. The recent Conference of State Ministers of Agriculture also endorsed this view and recommended that Central and State Governments should purchase ghee and vegetable oils for the Armed Forces only from graded stocks. The Agricultural Marketing Adviser to the Government of India is taking necessary steps to expand the grading of ghee and vegetable oils under the Agmark with a view to making increased quantities of these food articles available to the public. This work involves analysis of representative samples of homogeneous lots by qualified chemists to ascertain whether the produce fully conforms to the specifications statutorily laid down under the Agricultural Produce (Grading and Marking) Act. The duplicates of these samples are also analysed at control laboratories set up by the Central Government. The methods of sampling and testing of ghee or oils have to be standardised in order that the results obtained in the various laboratories are strictly comparable. This has been done and a priced publication, entitled "Methods of Sampling and Testing Vegetable Oils and Fats under Agmark", has been issued by the Directorate of Marketing and Inspection, Union Ministry of Food and Agriculture.

INCREASE IN AUSTRALIA'S WOOL EXPORTS CONTINUES

Recent increases in Australia's exports of greasy wool are maintained in the figures for the shipments for the seven months ended January, 1954. Exports totalled 586,394,000 lb., increased from 559,039,000 lb. for the same months in the previous season. Values were £A 219,262,000 compared with £A 193,901,000. Shipments to the United Kingdom totalled 164,607,000 lb. reduced from 208,500,000 lb. for the previous corresponding period. France purchased 102,871,000 lb. (88,436,000 lb.), Italy 74,836,000 lb. (52,219,000 lb.). Japan's purchases were reduced from 85,323,000 lb. to 50,947,000 lb. In the scoured and washed wool section shipments to the United Kingdom comprised 13,647,000 lb. of the total 36,257,000 lb. (39,861,000 lb. for the same seven-month period last year). Carbonised wool, at 8,569,000 lb. was also down from 10,118,000 lb. but shipments of wool noils rose from 1,716,000 lb. to 2,014,000 lb. Wool tops fell from 4,959,000 lb. to 3,441,000 lb. and the exports of wool waste were reduced from 7,227,000 lb. to 4,534,000 lb.

WORLD LINSEED PRODUCTION

The United States Agriculture Department estimates that the 1953 world linseed crop would be the second lowest since 1946. Total production is placed at 125,370,000 bushels, a 3 per cent decline from the previous year's crop of 129,170,000 bushels. The average production for 1948-49 works out to 128,440,000 bushels.

RECORD WORLD STEEL PRODUCTION

World steel production in 1953 reached a record total of 230 million tons, more than 22 million tons or 11 per cent above the 1952 total and nearly twice the 1937-38 average. Examining these figures, the monthly bulletin of the British Iron and Steel Federation points out that, to some extent, they are misleading since the large increase reflects the less of American production in 1952 rather than the level of requirements in 1953. For the first time since early 1950, in fact, says the bulletin, signs of oversupply in the world at large began to make their appearance last year, and in many countries production rates declined in the later months.

Looking ahead, world steel production is not expected, on present forecasts, to rise at the same rate as in the immediate past. Most of the increase of 22 million tons in world production last year was accounted for by higher American output. In 1952 the U.S. steel strike depressed production by an estimated 17 million tons, forcing consumers to run down their

stocks. Once the resulting backlog of demand had been eliminated by the summer of 1953, steel production rates fell. It was thus an unusual set of circumstances which raised world production to so high a level as 230 million tons, comments the bulletin.

Of prospects, the bulletin says, that while the world total output rose by 77 million tons between 1946 and 1953, during the next five years it is not expected to grow by much more than 48 million tons to 278 million tons in the absence of unforeseen circumstances.

COFEE: REPORT ON WORLD SUPPLY AND DEMAND

The special report on coffee compiled by the United States Foreign Agricultural Service has said that world production during the current season ending July 1, 1954, is estimated at 40,300,000 bags of 132 lb. each, compared with 40,369,000 bags last season. The world's consumers, however, were expected to want at least as much as the 41,300,000 bags they consumed last season, or one million bags more than estimated production. The gap could be filled only if producers were willing to dig deeper into rapidly declining reserves accumulated during and after the war. These known reserves, which were put at 17 million bags at the start of the 1947-48 season, were said to be down to less than 6 million bags in the beginning of the current season. Supplies put on the market this year may also depend on final production figures for Brazil. "Production estimates for Brazil were based on dispatches to ports from the interior. Information on holdings of coffee in the interior is not available and these holdings may or may not be sizable in quantity" the report said.

THIRD WHEAT ESTIMATE

The all-India third estimate of wheat for 1953-54 puts the current year's area and production at 23,824,000 acres and 6,893,000 tons as against last year's adjusted third estimate of 23,115,000 acres and 6,386,000 tons, thereby showing an increase of 709,000 acres or 3.1 per cent in area and 507,000 tons or 7.9 per cent in production.

CEYLON RAISES EXPORT DUTY ON TEA

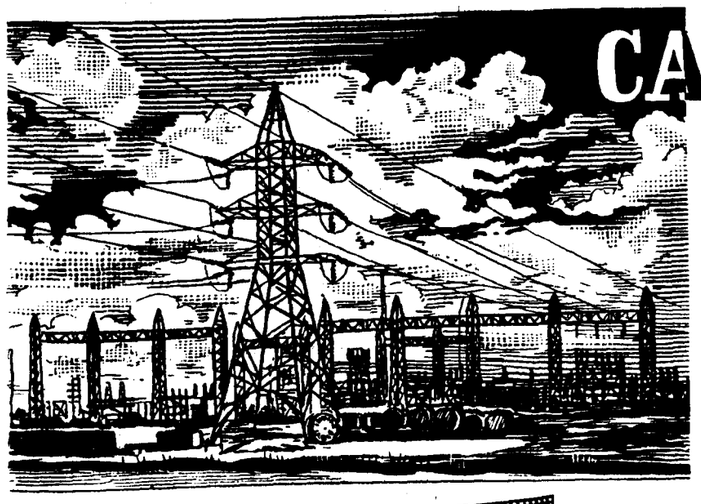
Ceylon announced an increase in her flat rate of export duty on tea from 45 cents per lb. to 60 cents. Sir Oliver Goonetilleke, Finance Minister, told a Press Conference that this decision would increase Government revenue by approximately Rs. 18 million during the rest of the current financial year. It would increase revenue in 1954-55 by Rs. 50 million. He was of the opinion that increase in export duty would not affect internal price of tea.

WORLD COTTON PRODUCTION

World cotton production in 1953-54 is estimated at 37.1 million bales of 500 lbs. gross and is the second highest on record according to the United States Department of Agriculture. The current estimate is nearly 4 per cent higher than that for the previous year and is exceeded only by the 1937-38 estimate of 39.0 million bales. The upward revision of 350,000 bales since the report on February 1 this year is accounted for mainly by higher estimates for China, Egypt, Belgian Congo, Argentina and the United States, partly offset by lower estimates for India, Turkey and Pakistan.

U.S. WOOL PRODUCTION IN 1953

The United States produced 271 million lbs. of wool last year—two per cent higher than in 1952, and the highest since 1948—according to an Agriculture Department report. But production is still far below the 1942-51 average of 337 million lbs., the report adds.



CABLECO
CONDUCTORS
WELCOME THE LOAD
SPECIFIED BY
DISCRIMINATING ENGINEERS
ALL OVER INDIA

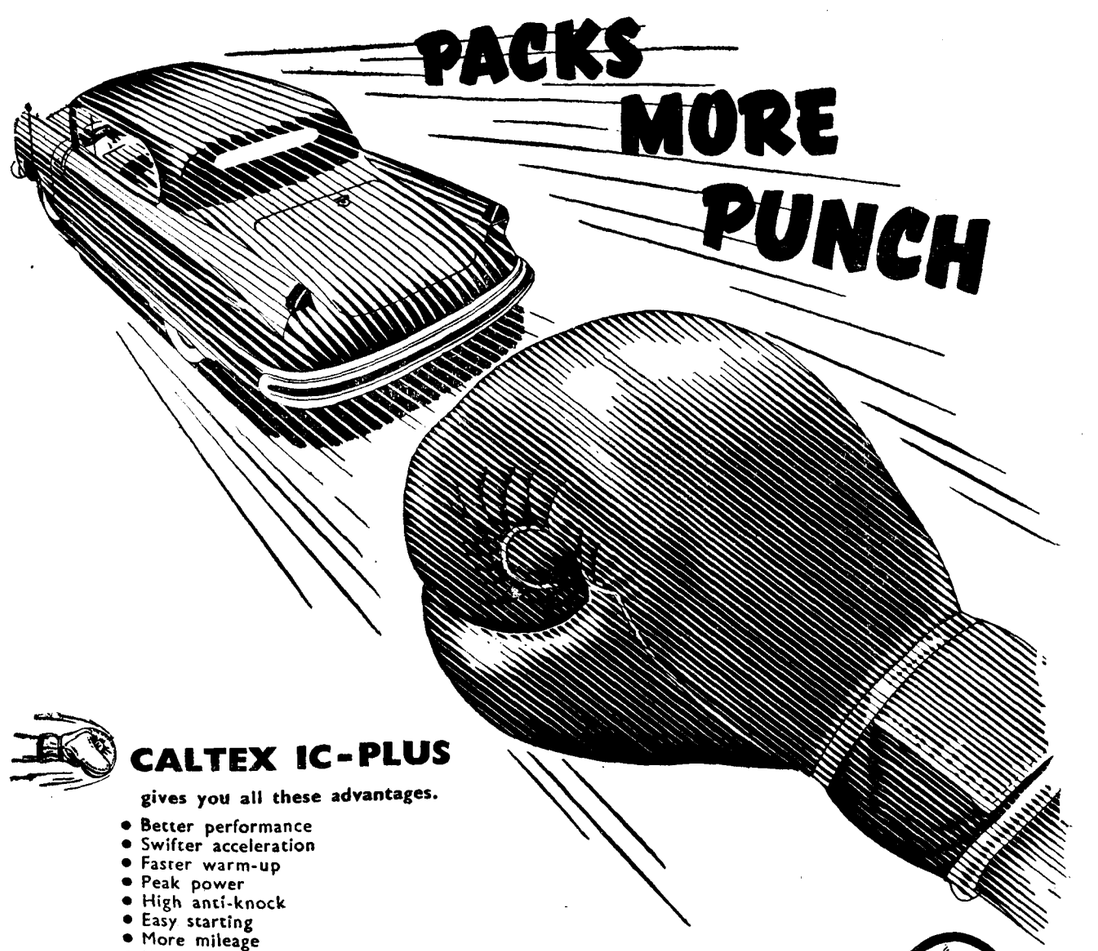
ICC

THE
INDIAN CABLE CO., LTD.
9, HARE STREET, CALCUTTA
WORKS : TATANAGAR
Agents :
GILLANDERS ARBUTHNOT & CO., LTD.
BOMBAY . MADRAS . NEW DELHI

RATE CONTRACT SUPPLIERS TO THE GOVERNMENT OF INDIA

FDS-4C

CALTEX IC-PLUS PACKS MORE PUNCH



CALTEX IC-PLUS
gives you all these advantages.

- Better performance
- Swifter acceleration
- Faster warm-up
- Peak power
- High anti-knock
- Easy starting
- More mileage
- More motoring pleasure

Like Adding Horsepower : The new CALTEX IC-PLUS Petrol is literally like "adding horsepower to your engine".

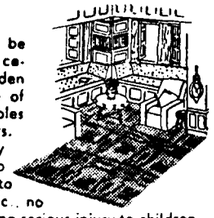
Get a Tankful TODAY and step up your motoring pleasure.

. . . and don't forget CALTEX RPM for engine Lubritection



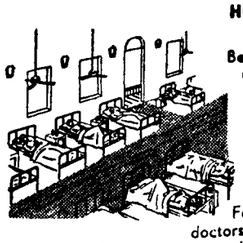
LINOLEUM—
The Versatile Floor Covering...

HOMES :



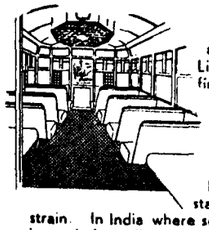
Linoleum can be laid on a simple cement or wooden floor in place of expensive marbles or mosaic floors. It is extremely comfortable to walk on easy to clean ..hygienic.. no jarring noises, no serious injury to children even if they fall. Linoleum adds colour and brightness to the home, safeguards health, promotes quiet.

HOSPITALS :



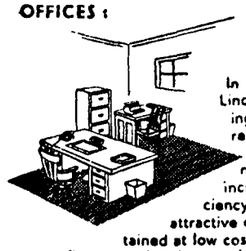
Being an hygienic, synthetic material, Linoleum is obviously an ideal floor-covering for hospitals and clinics. For nurses and doctors constantly on their feet, its "cushioning action" is a great boon; for the patients, no more disturbing noises from clattering feet.

PUBLIC TRANSPORT :



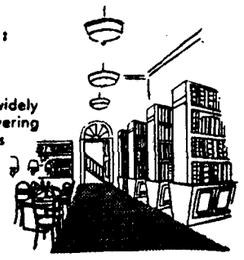
Tough, durable and easy to clean, Linoleum is the first choice for installation in public conveyances. Railway carriages, tram cars, buses. Linoleum stands up to the strain. In India where so much luggage is carried in railway compartments, Linoleum seldom scratches or gets torn

OFFICES :



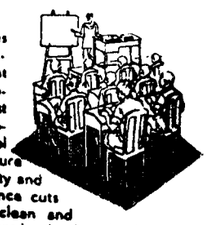
In the office Linoleum flooring effectively reduces noise and personnel fatigue, increases efficiency. For an attractive office maintained at low cost, Linoleum as a floor-covering is a real, long-term investment bringing everyday returns.

LIBRARIES :



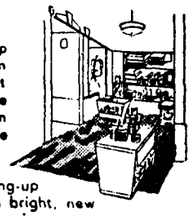
Linoleum is widely used for covering library floors because it minimises noise, makes for that quiet atmosphere so essential for concentration. No more screeching chairs or clattering feet.

SCHOOLS :



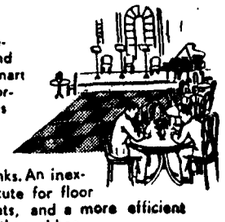
Because it reduces noise and contributes to a bright atmosphere Linoleum is a most effective floor-covering for school rooms and lecture halls. Its durability and ease of maintenance cuts costs. Easy to clean and hygienic it safeguards the health of the youngsters. Particularly suitable for gymnasiums and recreation rooms.

SHOPS :



For effective decoration of shop interiors Linoleum is unrivalled. It stands up to the heavy traffic on shop floors and the constant use of counters. Wash it clean at shutting-up time, and have a bright, new floor the next morning.

HOTELS AND RESTAURANTS :



Hotel managements have found in Linoleum a smart and durable floor-covering that is easy to clean and does not soil from spilled food or drinks. An inexpensive substitute for floor rugs and carpets, and a more efficient floor-covering than either.

Because of its resiliency, durability and economy Linoleum has become the world's most preferred floor-covering. We now offer this modern floor-covering in a wide range of patterns and vivid colours. Besides specialising in laying we can also suggest artistic floor designs to suit individual tastes and needs. Consult us or see our distributors today!

INDIA LINOLEUMS LIMITED

8, ROYAL EXCHANGE PLACE, CALCUTTA-1

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.4	359 2	367.4	686.6	397.5	90 4	100.6	87.4	95.7
July 1953 ..	406.4	480 5	365.4	367.3	693.9	407.7	90 4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475 3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ,, c ..	381.6	472.1	362.4	380.9	704.4	402.6	..	..	..	..
Week Ending										
3-4-1954 ..	380.5	464.0	358.7	378.7*	703.9	399.6*	90.6	101.4	88.3	102.9
10-4-1954 ..	389.0	472.2	359.9	380.6	706.3	404.4	90.7	101.4	88.3	103.5
17-4-1954 ..	381.6	477.3*	365.1	381.5	713.2	404.2*	90.7	101.3	88.4	104.5
24-4-1954 ..	375.5	474.7	366.3	382.7	706.2	402.4	90 4	101.3	88.3	104.4
1-5-1954	372.7	473.9	365.0	382.8	695.3	400.7	..	..	..	..

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

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	—	—	—	—	196	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	3'0	151	154	144
1953	346	363	275	140	349	453	387	147	351	147	156	145
1953 March	341	358	265	136	333	448	381	145	353	145	148	142
April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	460	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	141
1954 January	346	363	269	139	325	442	377	144	353	—	—	142
February	331	348	257	139	316	432	—	—	353	—	—	—
March	332	349	257	138	319	416	—	—	345	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 15-5-1954			8-5-1954			1-5-1954			24-4-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	93-10	90- 6	92- 0	93- 4	90-13	91 15	94-10	92-15	93-14	93-14	91- 4	92- 9
Silver (per 100 fine tolas)	168- 2	164-11	166- 3	170-14	166- 0	168- 1	172- 4	169- 4	171- 1	170-12	165-14	168- 3

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92·53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
August 1953	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1.116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
March ,,	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57.22	93,12	421,34	1,202,63
April ,,	1,220,38	13,08	1,233,33	40,02	674,15	714,17	57.90	97,81	421,34	1,233,32
Week Ending										
2-4-1954	1,207,74	10,63	1,217,67	40,02	658,15	698,17	57.34	98,16	421,34	1,217,67
9-4-1954	1,226,28	10,67	1,236,95	40,02	678,15	718,17	58 06	97,44	421,34	1,236·95
16-4-1954	1,230,00	6,94	1,236,94	40,02	678,15	718,17	58.06	97,44	421,34	1,236,94
23-4-1954	1,229,68	16,76	1,237,44	40,02	678,15	718,17	58.04	97,94	421,34	1,237,44
30-4-1954	1,217 19	29,40	1,237,58	40,02	678,15	718,17	58.03	98,08	421,34	1,237,58
7-5-1954	1,233,75	12,14	1,245,89	40,02	688,15	728,17	58.45	96,49	421,22	1,245,89

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	485
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	414
	(14,33)	(3.94)								(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
Average of Fridays														
August 1953	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,20	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22.49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
March ,,	80,90	42,08	40,44	42,99	206,41	24,92	241,32	12,72	10,46	99.86	1,12	39,83	68,70	8,64
April ,,	64,51	30,52	42,16	45,21	182,41	27,95	220,36	13,35	12,98	78,55	1,21	40,01	65,17	9,09
Week Ending														
2-4-1954	63,59	38,95	42,06	44,66	189,26	27,06	226,32	10,84	11,33	96,04	1,01	32,30	65,84	8,96
9-4-1954	60,61	27.08	42,33	45,38	175,40	27,33	212,72	10,96	14,75	74,77	1,66	36,60	64,99	9,00
16-4-1954	51,33	29,60	42,14	45,38	168,45	30,08	208,53	7,21	14,58	74,18	98	37,90	64,65	9,02
23-4-1954	60.27	28,67	44,21	45,59	178,74	28,72	217,46	17,04	13,00	73,71	1,65	39,31	63,65	9,09
30-4-1954	86,77	28,31	40,05	45,06	200,19	26,56	236,76	20,70	11,22	74,65	75	53,94	66,70	9,41
7-5-1954	84,76	21,04	40,45	45,57	191,82	23,17	229,63	12,34	11,06	65,25	85	63,99	66,69	9,44

a Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up) Fund. *Average of Fridays.

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	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	61.77	303,49§
1952-53 ..	546,23	309,26	855,49	33,33	51.82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
January 1952 ..	571,90	293,37	865,27	35,89	45,87	9.45	526,49	38,03	65.24	299,55
February ,,	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39.32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	59,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,,	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869.92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27.49	54.28	305,43
October ,,	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26.65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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	6 .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	54.56	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
Week Ending										
2-10-953 ..	526,85	329,80	856,65	29,86	54,19	9.81	421,29	39.87	53.83	333,57
9-10-953 ..	522,84	331,46	854,30	31,47	47,68	9.26	421,65	40,25	54.07	336,51
16-10-1953 ..	520,35	332,92	853.27	30,06	50.34	9.42	420,89	38,62	53.85	336,15
23-10-1195 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39 76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528.29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45.43	54.36	336,04
1-1-1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16
29-1-1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5-2-1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12-2-1954 ..	513,66	330,41	844,07	32,60	39,40	8.53	461,68	53.56	61.04	320,61
19-2-1954 ..	522,30	331,20	853,50	31,96	39,84	8.41	462,46	55,88	60.73	320,14
26-2-1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	458,52	62,89	61.19	319,23
5-3-1954 ..	522,74	330,71	853,45	32,13	37,38	8.14	461,30	66,30	61.82	318,76
12-3-1954 ..	525,76	329.57	855,34	31,75	40,19	8 41	466,18	64,16	62 00	318,03
19-3-1954 ..	518,74	327,14	845,88	30,93	38,60	8.22	470,51	63,51	63.49	317,10
26-3-1954 ..	528,89	327,57	856,46	32,07	40,83	8.51	469,85	68,34	62.84	318,87
2-4-1954 ..	541,51	325,41	866,93	31,38	50,45	9.44	472,23	73,27	62.92	318,83
9-4-1954	539,86	327,84	867,70	31,26	41,56	8.39	477,93	74,23	63.64	316,33
16-4-1954 ..	542,20	328,06	870,26	33,00	41,07	8.51	481,61	75,13	63.97	312,38
23-4-1954 ..	545,57	328,71	874,28	33,45	41,96	8.63	481,30	76 83	63.84	313,93
30-4-1954 ..	536,92	328,47	865,39	32,43	40,52	8.43	487,20	75,93	65.07	322,85

*Undivided India §Average of weeks from November 1951 †Including Bills Discounted

INDUSTRIAL PRODUCTION

List of industries whose production during 1953 was at approximately the same level as in 1952 or slightly lower

Name of Industry	Unit	Year	Capacity	Production
Duplicators	Nos.	1951	4,200	1,560
		1952	4,800	1,030
		1953	4,800	927
Grinding Wheels	Tons	1951	400	316
		1952	500	386
		1953	500	361
Crude Coal Tar	Tons	1951	92,500	90,800
		1952	92,500	93,900
		1953	92,500	87,600
Toluene	Gals	1951	309,500	172,000
		1952	309,500	291,700
		1953	309,500	282,800
Road Tar	Tons	1951	N.A.	37,500
		1952	N.A.	41,500
		1953	N.A.	36,800
Strearic Acid	Tons	1951	1,400	390
		1952	1,400	300
		1953	1,400	270
Tooth Powder	Lbs.	1951	577,000	203,000
		1952	767,000	318,300
		1953	767,000	315,000
Paints (Standard Type) Enamels and Varnishes	Tons	1951	65,000	33,484
		1952	65,000	32,173
		1953	65,000	30,000
Laboratory Glassware	Tons	1951	N.A.	N.A.
		1952	6,072	1,497
		1953	5,142	1,400
Crockery	Tons	1951	N.A.	N.A.
		1952	16,894	8,755
		1953	16,894	8,570
Western Type Leather Footwear	Pairs	1951	4,724,496	3,640,353
		1952	4,724,496	3,336,543
		1953	4,604,976	3,266,607
Railway Rubber Springs	Nos.	1951	930,000	748,311
		1952	1,761,000	1,216,466
		1953	1,290,000	1,181,700
Cocoa and Chocolate	Tons	1951	N.A.	N.A.
		1952	1,050	381
		1953	1,050	349
Piston Rings	Nos.	1951	1,200,000	1,396,085
		1952	1,200,000	1,425,519
		1953	1,200,000	1,376,399
Lead Pipes	Tons	1951	4,800	226
		1952	4,800	332
		1953	4,800	310
Wire Products (Chain Link Fencing)	Tons	1951	Nil	Nil
		1952	600	120
		1953	600	104
Superphosphates	Tons	1951	174,060	61,018
		1952	197,780	46,650
		1953	193,985	43,125
Benzene	Gals	1951	88,500	31,500
		1952	88,500	38,800
		1953	88,500	35,000
Abrasives (surface flexible)	Ream	1951	80,000	37,276
		1952	80,000	55,059
		1953	80,000	54,215
P.V.C. Plastic Coated Cables, Wire and Flexibles	Yards	1951	N.A.	N.A.
		1952	3,600,000	3,990,000
		1953	8,600,000	3,960,000
Solvent Neptha	Gals	1951	N.A.	84,000
		1952	N.A.	110,650
		1953	N.A.	106,350
Clocks	Nos.	1951	45,636	13,580
		1952	51,636	12,063
		1953	51,636	11,500

INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Year 1952	Jan-June 1953	March 1954	3 Months Jan-Mar.	
				1953	1954
Total All Exports	114,717	51,067	11,627	24,830	41,239
Of which :-					
Tea	48,743	18,768	5,273	10,639	22,083
Leather, leather manufactures & dressed furs	9,284	7,237	1,184	3,274	4,068
Tobacco & tobacco manufactures	6,956	2,765	87	576	319
Hides, skins & fur skins, undressed	540	484	77	235	276
Wool & other animal hair	3,496	2,513	295	1,056	1,550
Cotton	2,297	1,765	306	1,043	962
Miscellaneous textile fibres & waste	1,395	326	116	151	205
Metalliferous ores & metal scrap	3,960	2,387	174	1,461	905
Miscellaneous animal & vegetable crude materials, inedible	4,364	1,595	241	864	1,141
Animal & vegetable oils, fats, greases & derivatives	3,573	1,819	52	1,106	129
Miscellaneous textile manufactures	16,578	5,702	2,306	1,899	5,661

* Mainly manganese ore. @ Mainly carpets, floor rugs, etc.

II. PRINCIPAL IMPORTS

(Thousand £)

	Year 1952	Jan-June 1953	March 1954	3 Months Jan-Mar.	
				1953	1954
Total All Imports	112,635	55,134	11,691	26,462	30,092
Of which :					
Machinery other than electric	29,595	14,395	2,735	7,318	7,410
Electric machinery, apparatus & appliances	17,138	10,234	1,595	4,941	4,154
Wool & other animal hair	3,293	2,420	626	1,011	1,287
Petroleum & petroleum products	2,509	2,082	483	755	1,367
Chemicals	13,426	5,423	1,563	2,420	3,760
Paper, paperboard & manufactures thereof	1,923	724	170	336	322
Iron and steel	4,785	2,082	668	1,073	1,605
Non-ferrous base metals	1,631	1,090	155	557	345
Manufactures of metals	6,329	3,405	646	1,535	1,440
Railway vehicles	5,655	2,162	376	1,035	1,012
Road vehicles & aircraft	9,564	3,872	1,254	1,840	2,704
Scientific instruments; photographic & optical goods; watches & clocks	1,896	1,077	200	579	553

III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Year 1952	Jan-June 1953	March 1954	3 Months Jan-Mar.	
				1953	1954
Total Machinery	46,733	24,629	4,330	12,259	11,564
Of which :-					
Boiler & boiler-house plant	1,458	899	143	425	463
Internal combustion engines	4,511	729	210	384	501
Agricultural machinery	495	83	15	47	33
Machine tools (excluding portable power tools)	1,336	1,012	218	472	513
Pumps	980	452	78	237	159
Industrial & works trucks & tractors & mechanical handling equipment	1,024	727	160	318	341
Excavating & earth-moving machinery & road rollers	867	251	27	159	86
Mining & well drilling machinery	546	285	51	137	145
Printing & bookbinding machinery & printing type	628	341	74	143	142
Textile machinery	8,668	3,818	667	2,181	1,875
Air-conditioning & refrigerating machinery	253	143	31	68	71
Generating sets, generators & motors	2,184	1,623	211	860	556
Converting machinery, transformers, switch gear & switchboards	3,321	2,248	443	966	1,030
Electronic valves, & radio, television, radar & sound reproducing apparatus	2,203	843	84	461	293
Electric cables, wires, strips & strands, insulated	5,026	3,476	382	1,806	927

Source :—Trade and Navigation Accounts of the U.K. (H.M.S.O.)

THE EASTERN ECONOMIST PUBLICATIONS

		PRICE Rs. As. Ps.
1.	The Economic Progress of Russia, 1860-1948 by E. P. W. da Costa ..	1 8 0
2.	India's Foreign Trade: Part I by L. K. Jha	1 8 0
3.	India's Foreign Trade: Part II by L. K. Jha	1 0 0
4.	The Welfare State by T. W. Kent	1 0 0
5.	Foreign Capital in India by Taya Zinkin	1 8 0
6.	Industrial Labour in India by Dr. N. Das	1 0 0
7.	Japan's Post-War Industrial Recovery by Sherwood Fine	1 8 0
8.	Radical Humanism by M. N. Roy	1 8 0
9.	What Goes on in the U.S.S.R.? by "Odysseus"	1 4 0
10.	Communism and India by Philip Spratt	1 8 0
11.	India and The Free World	0 8 0
12.	India's Food Problem by P. A. Gopalakrishnan	1 4 0
13.	A Programme of National Education for India by Humayun Kabir ..	0 8 0
14.	Deficit Financing, Capital Formation and Price Behaviour in an Under-Developed Economy by V. K. R. V. Rao	1 8 0
15.	Men Without Work by Dr. N. Das	1 0 0
16.	Sea Power in the Indian Ocean by C. S. Venkatachar	0 8 0

ANNUAL NUMBERS

1.	India 1900-1950 and India in 1949	5 0 0
2.	India and the World and India in 1950	5 0 0
3.	"A Social History of the Indian People" and India in 1951	5 0 0
4.	"India and the Free World" and India in 1952	5 0 0
5.	"India in Asia" and India in 1953	5 0 0

The Eastern Economist makes a special offer

(a) Any set of publications of value Rs. 6 can be had for Rs. 5.

(b) Any set of publications of value Rs. 10 can be had for Rs. 8.

POSTAGE EXTRA

Special Enquries to:-

The Manager

The Eastern Economist Ltd.

52, Queensway, New Delhi

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi. Editor:—E. P. W. da Costa, M.A. (Oxon.)

SECRETARIAT LIBRARY 1-JUN1954 MADRAS GOVERNMENT

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 22. NEW DELHI: MAY 28, 1954. ONE RUPEE

CONTENTS

LEADING ARTICLES : Page

LAND REFORMS—SECOND ROUND? .. 853
THE END OF THE BUDGET SESSION .. 855
VERDICT ON VILLAGE UPLIFT .. 856

THE WEEK'S NOTES 857

Domestic Concern of the Working Committee; Intervention in Indo-China: U.S. Terms; Reform of Procedure: The Background; The Forgotten Film Committee; Uplift of the Backward; Community Projects Evaluation—First Round.

WORLDGRAM AND NEWS IN BRIEF .. 861

A WINDOW ON THE WORLD

Odysseus on "Economic Independence and Democracy" 865

BOOK REVIEWS 869

A DELHI DIARY : 871

SPECIAL ARTICLES : Page

INDIAN ENGINEERING CAPACITY AND ASIAN NEEDS 872

AUTOMOBILE COSTS 873

THE BUSINESS WORLD :

Report on Small Industries 876

BUSINESS NOTES 879

Sugarcane Yield; World Cotton Exports; Export of Ores; Ceylon Enhances Tea Duty; Pilot Tests in Commercial Aviation; Canada-Japan Trade Agreement; The Bank Award; Private Capital Expenditure in U.S.—1954.

COMMODITY NEWS AND NOTES 882

COMPANY AFFAIRS 883

CURRENT STATISTICS 887

Land Reforms—Second Round?

THE Congress Working Committee which concluded its session in New Delhi last Sunday has reverted to the subject of land reform, and it is now practically settled, if, indeed, there was ever any doubt, that Article 31 of the Constitution, which was amended about three years back, will be further amended in order to realise the Congress's objectives.

It is premature to anticipate the exact nature of the amendments to the Constitution which have been projected. But the trend of thought within the ruling party would seem to be that it would be ill-advised to rest on their laurels and to leave the implementation of estates abolition laws to take their own course—now that the last legal hurdles have been taken (with the Supreme Court's judgments in May 1952) and now that even the award in the case of the Rajasthan dispute has been given. Other tasks, in the opinion of the ruling party, clearly await the Working Committee. These are mainly three. First, to exempt the ryot, who has been freshly liberated from the payment of exorbitant rent, also from the payment of taxes, if he is too poor to pay them—thus honouring a Congress pledge, which has been prominently featured in the All-India Congress Committee's recent brochure on land reform. Secondly, to fix ceilings for landholdings in all the states; and third, to facilitate the taking over by the states of land for the purposes of co-operative management, an amendment of the Constitution for this purpose having been rendered necessary by the Supreme Court's judgment in the Sholapur Mills case.

One has only to read the literature sponsored by the Congress Party in order to grasp the point that there is a sense of urgency in this matter. Now that a certain helplessness in the face of a legal tangle does not hamper the party any longer, this sense of urgency is apparently to be allowed in future to have full play; it is related in part to the fact that inevitably, as time passes, land reform plans in India have to be drawn up not only in terms of abolishing intermediaries (the legislative framework for this is now more or less complete) but also in terms of improving the cultivator's standard of life. Before the suspicion that the abolition of intermediaries may not after all have made any difference breaks out into discontent—and this is not unlikely to happen, because with a five hundred crore bill for compensation the state is sooner or later bound

to take by way of taxes nearly as much as did the intermediaries themselves—it would certainly be desirable to do something. It is believed that it would be wise, for example, if things could be so managed that the new institutional framework for agriculture in India does not compare unfavourably with the reforms in Burma, where the Constitution contains drastically Socialist and authoritarian provisions enshrined in the very text; or China, where the re-ordering of society is completely uninhibited by bourgeoisie respect for the rigidity of the law.

The contemplated readjustment of land revenue, which would graduate it in so far as graduation is possible, is obviously to be explained in these terms. Now that land reforms are a fait accompli, the poorer peasants must be enabled to feel that the new order undoubtedly means something to them. But the snag in this prima facie desirable reform is that this by itself does not go far. Nor for that matter does a restriction in terms of ceilings, which like the graduation of land revenue may have a psychological value, but would not by itself help to grow two blades of grass in place of one. The Congress Working Committee has asked for changes in taxation and the imposition of ceilings, but it is also looking elsewhere.

The crux of the problem of land reform today, in the context of all that has happened in recent years, is now increasingly believed to be to provide not only a sense of ownership, but also to facilitate improved agricultural operations. Ownership of land need not be inconsistent with management divorced from title. Bhoodan Yagna does not debar joint village management—regarded as an impracticable ideal so far. If it can be proved that production can be improved in future by tackling hereafter the problem of management rather than title—and this obviously is what the Congress intends—it is quite likely that this improved production will be the answer to a multitude of problems.

It should be unnecessary to labour the obvious. But if the decisions taken last week prove to be the prelude to the introduction of better farming methods on however minor a scale, as an example for the rest to follow, their significance, both economic and social, can hardly be overestimated. Indian agriculture is full of problems, which the small farmer by himself, unaided, can no longer be trusted to handle, simply because, psychologically his attitude towards the land, [illegible]n which he can hereafter be ejected only with diffi[illegible]y, has been altered recently, with the abolition of [illegible] intermediaries.

It is most promising that it has been possible to devote some attention to these basic problems of Indian agriculture recently, for the amount of land which is deteriorating, because of soil erosion or primitive agricultural practices, has been estimated to be as high as about 120 million acres. Too much ploughing, the exposure of the top soil to the action of wind, water and rain without any protection, uncontrolled grazing, monotonous culture, and the spread of salinity have been blamed as the reasons why India's agricultural efficiency is so low. Even such simple and cheap measures as daulabandhi, strip cropping, bench-terracing, and protection by surrounding ditches, let alone positive measures to improve the soil would, however, call for so much sacrifice of land and an amount of capital outlay which a petty farmer, who has today hardly anything more than a title-deed to his land, is not able to afford. It cannot be counted as any small success, if the ruling party is able to prove, in however small a way, that this atomistic agriculture is not inevitable.

But at this stage, it is obviously necessary to enter a caveat. Differences of opinion as to how to bring about a desirable change in the methods of agricultural production (for there is no disagreement any longer that land management rather than land tenure is going to be the toughest of our problems) are important and cannot be suppressed. Inside the Congress Party, the opinion seems to be held that the easiest method of bringing about this vast social change is to amend Article 31 of the Constitution. The state must be enabled to take over land, and incidentally also other property, temporarily, this being distinguished from acquisition; these powers are then to be used to impose better management from above, although efficient private management, provided it is efficient, will probably continue undisturbed, on sufferance, so to speak.

Outside the Congress Party, naturally other views than these may be and are held. The wide terms in which Article 31 is sought to be amended are, for example unnecessary; and this amendment is premature in any case. While joint village management will be acceptable, if it can be brought about, an extension of the state's right to invade private liberties will be very much less so. Some attention must obviously be paid to this controversy, for it is destined to become much more important than it seems to be at the moment.

There are some considerations which are certainly relevant, but which the Congress Working Committee seems to have ignored altogether. Far and away the most important of these is that it is possible to organise co-operatives and gaon sabhas on a large scale without promoting an amendment of the Constitution for this purpose. The penultimate chapter in the Uttar Pradesh Zamindari Abolition and Land Reforms Act already provides for this in fact; but even if a valid law does not already make adequate provision in these terms, which may be the case elsewhere, it should be possible, in a land where the very title has been surrendered voluntatrily on such a big scale, to organise the co-operatives by consent. And it is surely desirable that if joint village management comes into being at all, it should do so as a result of agreement at the lower levels.

The difficulties are considerable and need not be minimised. Voluntary action is bound to be a slow process. But there is at least this much to be said for panchayats and gaon sabhas being left to organise themselves into land management councils, on the lines now contemplated, instead of being compelled to do so; the administration will be less bureaucratic, and, therefore, less difficult, while development will, perhaps, be more diversified if joint village management grows up from below. In practice, official encouragement and the provision of some financial incentives may be all that is needed. An alternative way of looking at this problem would be to argue that the Working Committee's idea of undertaking a controversial amendment of the compensation clauses of the Constitution merely invokes impressive authority for getting done what after all has to be accomplished at the village level in a spirit of camaraderie.

With this major reservation regarding the wisdom of the Constitutional amendment, the growing official recognition of the fact that land tenures cannot be modified any longer to any useful purpose, but that new and better methods of land management should be brought into use, must, however, be unreservedly welcomed. This is exactly what should follow the extinction of intermediaries' rights. While there is no need to be pessimistic, for the scale on which tractors and electricity are used in agriculture now should finally bury the myth that Indian agriculture is unchanging, it is only in proportion as better farming methods are brought into use, and as these methods increase production, that the Indian farmer can hope to enjoy the full benefits of the ownership rights which have recently been conferred on him. In this sense, the final verdict on the efficacy of the land reforms will not be due for a long time to come.

The End of the Budget Session

THE very long Budget Session of Parliament that ended last week has not perhaps been a distinctive one to deserve being specially commended. The actual output of legislative work in the shape of enacted laws is not impressive. There have been just more than two dozen Acts enacted during this session, most of which are amending measures and only the Press Amendment Act among them evoked a major controversy. The real test of the usefulness of a Budget Session, however, would lie in the manner in which Parliament has been able to exercise control over the administration through informed criticism of shortcomings of the departments at the time of the demands for grants for each Ministry. In this respect, the parliamentary proceedings this session were not very much different from what they were in earlier years. Even at their best, the criticisms were not made after a close scrutiny of the working of the departments; allegations of a random nature were often made which made it easy for the Ministers to take cover under their vagueness or disproportionate emphasis. The Education Minister's reply to the critics of the Government's Hindi policy, which secured the limelight to the exclusion of much else that could have been usefully discussed about educational policy, was only a leading instance of such uncircumspect criticism. The result was a make-believe of criticism and reply, which did not lead visibly to the influencing of Government's policy.

This may be traced in part to the fact that criticism tends in Parliament to move on party lines and what little critical attitude there has existed among the Congress back-benchers tended to manifest itself only in the parliamentary party meetings. Some evidence of what could happen if the strictness of party discipline were relaxed was seen in the Council of States over the provisions of the Special Marriage Bill. The two major amendments enacted by the Council appear to be the result of undue haste but there is no doubt that the Council has exercised its influence in a direction in which it would help to provoke thought and enable further consideration of the questions involved even if it is proved wrong. This cannot, under a parliamentary system of government, happen too often, or be extended outside the fields of social reform. The remedy may be to refrain from cracking the party whip too hard and too often to warn against criticism from Congress benches. At the moment, only the senior members—like Pandit Thakurdas Bhargava who attacked the Press Bill and the Criminal Procedure Code Amendment Bill, and Mr. Purushottamdas Tandon who was full of reproach for the policy on Hindi—could afford to disregard the mandates of the party and even then the effect on policy was negligible. There is no doubt that even if Mr. Bhargava had represented a substantial body of Congress parliamentary opinion, as he probably did, he would not have made a dent on the unyielding surface of an obstinate Home Minister.

This unfortunately may endure so long as the party strength and the state of party discipline remain as at present, whatever virtue they may possess with regard to the stability of the Government. The ruling party has now acquired further strength in the Council of States by reason of the retirement of one-third of the members at the end of a two-year period; opposition retirements have helped the Congress party to secure the election of its own nominees. The only outstanding instance of compromise was the Finance Bill in which concessions were granted in two or three instalments. But this was due much more to the strong pressure of the interests concerned from outside than to any concerted move by the members of Parliament; there may also be reason to believe that the proposals were 'loaded' in advance to permit of sufficient room for handsome gestures at a later stage.

The air of unreality is perhaps seen at its best in the debates on foreign affairs where the Government secures the largest measure of approval in either House, though the frequency with which that approval is sought may tend to give the wrong impression that Parliament had a jealous control of foreign affairs. These discussions rarely bring out the real points of disagreement even to the extent there are differences, much less to discuss them with instructed judgment; there is even less evidence of searching and useful discussions of foreign affairs within the party. The result is that the great measure of agreement on the fundamental principles often leads to an inertia in their application to particular situations.

These larger shortcomings can be remedied only over a period of time. Meanwhile, procedural changes have made Parliament more workmanlike and the reforms have been more numerous in respect of the House of the People. The conversion of its name to Lok Sabha is only the least among them. Even the validity of this change of name in advance of a due process of a Constitutional Amendment to the English version of the Constitution is questionable and this may be only another case of ill-advised enthusiasm over a detail. But the House of the People has made great advances in devising suitable procedure for the regular discussion of private members' business, and for calling attention to matters of urgent public importance instead of frustrating the opposition and wasting time on futile adjournment motions. These have been useful in eliciting official statements of policy on various matters; there have been as many as 19 motions "calling attention" under the new Chapter XII-B of the Rules of Procedure. There has, however, been a corresponding falling off in the diligence in utilising the question hour effectively. About 3,100 questions in the House of the People and over 1,200 questions in the Council have elicited information much of which is normally inaccessible to the public but they were mostly not of the character that would make for a vigilant watch on administrative lapses. The art of supplementary questioning seems to be a decaying one. The chances of its revival depend on the willingness of the younger and energtic members to specialise in the working of particular departments to the extent of acquiring familiarity with details. Though such specialisation may in time, qualify them for junior ministerial roles, the number of promising members is still a small one.

One of the matters on which the legislature has succeeded in asserting its rights as against the executive was the question of the propriety of the issue of ordinances. Though the end of the session has coincided with the occasion for yet another ordinance (on the question of extending the time for the consideration of the Bank Tribunal Award) there is now ground for the belief that the criticism has gone home and would bear effect in the future. The character of legislation is bound to become more complex in future than hitherto and the member who could do justice to it by utilising every opportunity, formal or informal, to influence it in the right direction must be painstaking, active and diligent. The salaries and allowances now voted by Parliament must prove adequate under Indian conditions to enable a majority of the members to be sufficiently free from the necessity to devote their time to other pursuits. If future sessions justify this expectation, the country may well feel satisfied that its affairs are being managed at not too high a cost.

Verdict on Village Uplift

THE first report of the Programme Evaluation Organisation on the working of a few selected community development projects is critical, even if mildly so. This is the first time, more or less, that there is an official admission that there are deep-seated difficulties which cannot be tackled within the time allowed by, say, two plan periods. This is also the first time that an official organisation recognises that in forcing the pace, the jam may be spread too thin as in the case of the Grow More Food Campaign—or, as one Indian professor described it to a United Nations Mission that we may merely end up with a 'coating of sandalwood powder on the scabby face of ignorance'. This danger is real. It would be worth while, therefore, to go behind the officialese of the present report and to try to understand the very ill-advertised problems of the new extension service.

The evaluation organisation points out that capacity to spend is very much less in practice than the budgets have assumed. The problem of co-ordination at lower levels, which was dealt with in Dean Appleby's original report, has also not been solved yet—except on the basis of personal equations. The result has shown up in excessive centralisation; and there is great point in the criticism contained in the present report that many decisions which ought to be taken at the district level are not so taken.

The voluntary village level worker, on whom so much depends, has also turned out, paradoxically, because a matriculation standard has been prescribed, to be a mere townsman; and the training which he gets is not adequate (two years according to the present report would answer the purpose better). Demonstration farms can more happily be located than they now are; and greater care can be taken about the results which are intended to be demonstrated, for the risks of failure are great. Above all, however, the advisory committees which have been formed or are intended to be formed must function in reality. They cannot be the paper organisations which, without any effort, they will generally be.

How does one set about remedying these defects? Here, it is to be feared the evaluation organisation's report is somewhat negative. Having pointed out the shortcomings, the organisation is obviously waiting to see how these projects shape by the time of the second report. This the first report is in any case a "benchmark" survey, a starting point, and it does not leave much scope for the confident expression of opinions. This is a correct attitude, perhaps, for the evaluation organisation to take. But the public attitude cannot be so halting.

When too much is being attempted with too little, there is obvious need to be selective. One of the reasons why community projects have not made greater headway may simply be that there has been some reluctance officially to admit this fact. On the other hand, it is not as if an order of priorities cannot easily be worked out. There are, in particular, a few important gaps which still remain to be filled.

It is unfortunate, for example, that comprehensive surveys of the needs of the project areas have not usually preceded the drawing of programmes. The result of this has been pretty much what could have been expected. There has been both a degree of sameness about the plans, and, inevitably, some lack of popular support. Small industry and the maintenance of old irrigation works have both apparently been ignored; the emphasis has been not on what the village needs, but on what project officers think it is good for the village to have. This may also explain, incidentally, why greater use has not been made of the voluminous state legislation, which already exists on the statute book, regulating land improvement, reclamation, and irrigation.

A particular aspect of this matter is soil conservation. Project officers are uniquely in a position to take some simple and adequate steps to arrest the growing deterioration of the land but they are ill-equipped to do so, and anti-erosion measures seem to be neglected now as they have all along been. Green manuring, according to the report, is also to make adequate progress yet. Experience in some areas in the south does not seem to be representative.

The co-operative movement has not been too much in the picture either. The explanation of this seems to be two-fold. On the one hand, it has been natural for project administrators, working in accordance with preconceived ideas, to neglect village and small industry altogether, with the result that co-operation has come to mean practically only co-operative credit. In respect of a problem which has thus been narrowed, very little again has been done in practice, because creditworthiness in the rural areas is not something which can easily be established. There is justice in the criticism that two steps should immediately be taken. Non-credit co-operation must be encouraged more actively; and credit-worthiness must be related, at least in these areas of intensive administration, not only to present status, but also to future productive capacity.

The situation described in the report regarding liaison with the non-official public is one of apathy and inertia; and it is not easy to see how this is going to be changed. To whip up "voluntary" effort is prima facie a contradiction in terms. But on the other hand, another and independent wing of the Planning Commission has been apparently more successful in stirring existing social welfare organisations into some sort of extra activity. One may not be misled completely in supposing that these non-official organisations have not been used in full. If officialdom has been predominant, the presumption is very strong that it is because the natural inclinations of the officials are that way.

At this stage in the working of the community projects, this criticism cannot be dismissed as carping. It is much better to live in the limelight of criticism than to make light of genuine difficulties. Some immediate objectives, on which it is necessary to concentrate, are in any case definitely indicated. These are, a comprehensive survey of the project areas, and an attempt to administer the land improvement legislation which is now a string of mere paper laws; a realistic and informed attempt to conserve and improve the soil, and to increase the use of green manures; a programme to extend the co-operative movement, so that it may cover at least a third of the population in these areas, and may strengthen the position of small industries in any case; and an attempt to establish a liaison with social workers and welfare organisations in or near the project areas. All this is bound to be slow work. But it is work which cannot be neglected.

The main impression which remains after about twenty months' experience of village uplift under the new plan is still a hopeful one. The difficulties are not new. Ritchie Calder, for example, has described the atmosphere at Singur in West Bengal, where the All-India Institute of Hygiene and Public Health trains its students, as being very much more difficult although public health work is in several ways easy and brings recognisable results. If difficulties are great, so, however, are the opportunities. Calder's description of the conquest of the Himalayan terai shows how much can be done. The Programme Evaluation Organisation has indicated the pitfalls, but has by no means discouraged the attempts, and there is a great deal that it says in mildly phrased sentences, which the Ooty conference, meeting this week, has had to consider.

THE WEEK'S NOTES

DOMESTIC CONCERN OF THE WORKING COMMITTEE

The Congress Working Committee's two-day session was particularly noteworthy for the remarkable concentration of attention on domestic issues. Land policy, panchayats, the second five-year plan, the National Plan Loan, and the report of the Constitution Amendment Sub-Committee are all inter-related issues which have been considered together. While there is sufficient reason for thinking in terms of local interest and participation in the second five-year plan—the initial success of the community projects is sufficiently encouraging—the enthusiasm for panchayats is apt to be overdone. The panchayat system may have to be revived in due course in some form or another but the process is bound to be a slow one and there is no virtue in seeking a revival of the administrative and judicial functions of the panchayats out of a sudden idealistic impulse. It is hardly desirable that the factions which spring up in these panchayats should be allowed at this stage. On the other hand if their revival follows the widespread establishment of co-operative institutions for credit, marketing or farming, there are better prospects for the successful decentralisation of administrative and judicial functions.

Except on the questions of the elimination of intermediaries and the definition of the shares and rights of tenants, land policy is bound to remain a vexed issue. The main objection to the policy of ceilings is that it will raise hopes which will not be fulfilled, while breaking up the small percentage of large units which may be economically managed and in which experiments in modern methods may be conducted. Faced with the problem of compensation which arises if ceilings are imposed, there is a likelihood of the Government's advocating nominal compensation, making a farce of the constitutional guarantee. There is the further prospect of impetuous enthusiasts advocating an extension of the principle to industrial undertakings, to overcome the judicial verdict in the Sholapur case. That would be overlooking the difference that industrial undertakings will have to be built up first (which will now be discouraged if justiciable compensation is to be denied). The other recommendations of the Constitution Sub-Committee of the Congress also appear to involve an unfortunate retreat from the idealism about the fundamental rights, which if allowed to proceed might lead to reaction and not to the progress, in the name of which they have been now proposed.

INTERVENTION IN INDO-CHINA: U.S. TERMS

If Mr. Dulles sticks to the terms which he stated in his Press conference on Tuesday as essential for American intervention in Indo-China, all the confusion that has so far arisen should be dispelled. Mr. Dulles reiterated that the U.S.A. would not intervene to defend colonialism. The main difficulty, according to him, was in convincing the Viet-Namese and other Asians that France was really sincere in working out this independence. The withdrawal of civilian control if actually effected should be obvious enough to the people of Indo-China, so long as there is no suspicion of equivocation which French officials on the spot in Indo-China unfortunately practise because of a longstanding tradition. For the rest of Asia, the French attitude on the Indian pockets for example would be regarded as clinching proof of French intentions about the overseas territories and the time is now to demonstrate them.

The second point mentioned by Mr. Dulles was that the United States would not go it alone but would require the recognition or approval by the nations directly concerned. It would obviously be unsatisfactory if only the three metropolitan Powers and Australia and New Zealand agreed about this collective action when recent events have shown that there is a sufficient number of Asian countries who do not have any illusions about the menace of Communist expansion and who have to be convinced that the menace is being dealt with by proper action after all reasonable methods of settlement by negotiation have been exhausted. Thirdly, Mr. Dulles made it clear that the United Nations would have to give some form of moral approval to such intervention, which again should provide sufficient occasion for eliciting the views of member nations. In their general terms, the conditions are unexceptionable. Differences are conceivable only in their actual application. The strange developments which led to the Anglo-U.S. rift at the Geneva negotiations arise out of diplomatic blunders which prejudice the popularity and the chances of success of policies on which there should be a broad measure of agreement among the democratic Powers.

REFORM OF PROCEDURE: THE BACKGROUND

The Prime Minister's statement in the Council of States on improvement of administrative procedures presumably sought to clarify the issues relating to revision of financial procedure of which various versions have appeared in the Press because of their relation to the question of the Finance Minister's resignation. The fact that the last of Mr. A. K. Chanda's reports was submitted only early last week shows that the special officer's work proceeded uninterrupted by the developments in the Cabinet. The Prime Minister emphasised that the appointment of a single officer was best suited at the initial stage of the proposals for reform and also that the examination was to be of an informal character. The Chanda inquiry, now completed, was only one aspect of a much wider investigation of the causes for delay and methods of expediting the Plan. A Secretaries Committee and the Planning Commission are reported to have been engaged on similar investigations while the Finance Ministry also scrutinised financial procedures.

It is made clear that the results of all these investigations will be used as background material for final proposals to be laid before the Cabinet. If the list of inquiries instituted into administrative organisation and methods is any guide, the search for improvement by the Government of India has been continuous. The spur to action on the present occasion is the slow working of the Plan. There is no reason to take the view that financial procedures have been held to be the sole impediment to fulfilment. The planning and phasing of the various stages of the projects have been even more dilatory than the financial rules-of-thumb which could have frustrated action. The Prime Minister's statement makes clear that all will be considered together by the Government in due course.

THE FORGOTTEN FILM COMMITTEE

It has taken quite a long time for the Government to make up its mind on the recommendations of the Film Enquiry Committee and though there have been some modifications and non-acceptance of the Committee's suggestions, the approach remains substantially the same as that of the Committee. Government's decisions have been welcomed by the President of the Film Federation of India—the other major party, the

amorphous public, being still not vocal or organised. The rejection of the Film Enquiry Committee's suggestion for the setting up of a Statutory Film Council of India was not unexpected. The judiciary of the U.S.A. has taken the extreme view that a film as a medium of expression is not much different, for purposes of censorship, from other media like those of speech or of the Press. A Statutory Film Council would not be much different in character from a Statutory Press Council exercising similar functions in respect of newspapers. The Government has made out that the present rejection of a Statutory Council is only tentative but it is unlikely that it would ever be found acceptable in the manner envisaged by the Committee. A Voluntary Council on the other hand is more in keeping with the freedom which its individual members should enjoy and the voluntary nature of participation in common policies which they should strive after.

Mr. Vasan has rightly questioned the propriety of the National Film Board's supervising production and training on the one hand and exercising censorship on the other. The duties of the Film Production Bureau —advice on scripts, guidance on production like story, scenario, artistic talent, cost of estimates etc.—are somewhat extravagantly conceived. Even if the Bureau secures the versatility of talent needed for these numerous purposes—which are clearly advisory—it would be legitimate to ask whether it would not sap initiative among the producers because they may always deem it expedient to conform to the advice of a body which eventually can influence the censors. The Film Institute for training of technicians is on less objectionable ground. The Government was within its rights to reject a special finance corporation for financing of film production.

It is proposed to declare the film industry as one of national importance to require regulation by the Central Government. The Industrial Disputes Act is already applicable and the Government has promised to consider actual difficulties in the application of overtime rules under the Factories Act. The question of uniformity in entertainment taxation is one for State Governments to decide. On the most vexed question of footage of films, there are bound to remain two unreconciled opinions—the Government considering two-mile films (11,000 feet) as the maximum and the industry insisting that a three-mile length would be just what the public wants to see. It remains to be seen whether the new agencies can bring a new approach to the old problems.

UPLIFT OF THE BACKWARD

The Commissioner for Scheduled Castes and Tribes can utilise the occasion of his annual report only to give an account of the steps taken by the Administration for amelioration but there has not been time enough to measure progress. Such measurements have to be based on adequate knowledge of where the backwardness of certain groups or tribes is separable from the general economic backwardness experienced even by the members of the rest of the community. In social and cultural relationships visible change can be recorded only over longer periods. The interval between the enactment of the proposed legislation to deal with the offence of untouchability and the elimination of this custom over the whole of India may be sufficiently long though the progress made so far is heartening. Political rights and economic opportunities which are being equalised will go a long way towards the solution of the social problems. Difficulty arises mainly over the policies suited to the tribes who still live apart from the rest of the population—the problem of shifting cultivation being a leading example. There is a model land project in Garo Hills and medical relief has been helpful among the Todas of the Nilgiris.

The problem is somewhat complicated, in respect of reservation of seats and employment of backward class personnel, by the great scramble by many relatively advanced groups to get included in the schedules so as to secure the privileges of reservation and preference. In the case of Anglo-Indians, there has been inadequate representation in the services judged by the percentage reserved for them in various categories and it is only partly offset by excessive percentages in a few other categories. In this case, however, the representatives of the community are competent to help the authorities by specific suggestions for improvement.

COMMUNITY PROJECT EVALUATION—FIRST ROUND

The impressive size of the Report of the Programme Evaluation Organisation on the working of Community Projects is an indication of the detailed appraisal made of the working of the projects. The study was based on an investigation of only 18 selected evaluation centres of which 5 were pilot extension projects, and the authors of the Report have presented it with the modest claim that it should be regarded as "an appraisal of trends" and not as an investigational report of particular projects. The most notable among the suggestions is that the period of three years fixed for the full implementation of a community project should not involve "undue haste" or in other words, high pressure tactics, to show the achievement of tangible results to the exclusion of the intangibles which are of far greater importance. The fulfilment of the physical targets may make the actual investment in the projects quite worth while, but there is wisdom in the suggestion that by spreading the programme over five or six years the "Community" aspect of the projects may take stronger roots. Voluntary participation with labour and materials has been forthcoming in striking measure and this has to be made into a habit to ensure a steady contribution of social capital in future development plans.

There is a good deal of disappointment about the role of panchayats, but this is nothing unexpected. Indeed, part of the problem of rural community development is to provide new vehicles of co-operative action to take the place of the factious rivalries which have been the bane of village organisations. Even with regard to the development of co-operative societies, the Report has suggested a new motto (to suit the changing times) of providing credit for credit-worthy uses not merely to credit-worthy members. Finally, the authors are convinced that the rate of expansion of the development schemes must be adjusted to the trained personnel available. "Extension should proceed only at the pace which can be met by the requisite number of Village Level Workers." As an instrument for injecting a dynamic impulse in the rural economy, the community project has been justified. The quantitative measurements are inadequate to express these results; in time, the Evaluation Organisation must be able to devise other techniques. It has made a good beginning already.



FLY
Super
CONSTELLATION
to
LONDON

Inaugural flight June 19th

* Entirely separate compartments and cloak-rooms for Luxury and Tourist passengers
* Non-stop to Cairo
* Choice of stopovers at Geneva and Paris
* Three cabin attendants



The Griffin at Temple Bar



AIR-INDIA International

Air-India Building, Connaught Circus, New Delhi. Tel : 48395

THE well known empress, Noor-Jehan, was only a refugee girl from Iran, but her ravishing beauty helped her to become the beloved Queen of the Moguls. Her beauty was always enhanced by garments made of lavish material. This privilege of the princely few is now within *your* reach, because such lavish material is now made with the help of N. R. C. rayon yarn, known for its quality and strength.

N. R. C. rayon yarn is now available in 120 and 150 deniers.



refugee girl becomes Mogul Queen



THE NATIONAL RAYON CORPORATION LIMITED

Managing Agents: CHINAI & CO. LTD.

Office: Ewart House, Bruce Street, Bombay 1.

Factory: Mohane, Kalyan, Bombay State.

Distributing Agents:

ROCHALDAS GIDOOMAL & CO.,

Katra Ahluwalian, Amritsar.

WORLDGRAM

INDUSTRY

Expert Body for Penicillin Project: A Committee of four experts has been appointed to advise the Central Government on the technical side of the penicillin project. The Committee will examine the technical side of the project from the production as well as research aspects. Another 11-member Committee has been appointed to study and advise on the extent and type of penicillin to be produced at the Penicillin Factory, and recommend such other technical matters of health as might fall within the Committee's competence.

* * * * * * *

U.P. Government Plan for Production of Fodder: The U.P. Government plans to set up a factory producing fodder from unripe fruits blown off by the wind. Fruits will be pulped, treated with ammonia and then dehydrated to serve as fodder. Experts believe this sort of fodder to be of a very high quality. Hill districts, deficient in fodder, will have a new source to tap. The factory will also process damaged fruits, which after being pulped and chemically treated will be sent to fruit preservation factories. The Government is to spend Rs. 2.2 lakhs on the factory which will be set up in a 6000-acre orchard.

* * * * * * *

Holland's Industry in the Year 1953: Industrial development in the Netherlands showed a marked progress in 1953. The production (total, as well as per worker) and the turnover (of home and of foreign sales) substantially increased in comparison with 1952 and preceding years. The index (base 1938=100) of industrial production (excluding the building trade) for the year 1953 was 163 (1952-147). The index of the production per worker in industry (likewise excluding the building trade) was 107 for the year 1953, (98 in 1952). In 1953 the pre-war level was exceeded for the first time to a considerable degree. At the end of 1953 Netherlands' industry comprised 10,433 undertakings (employing ten or more workers), with a total manpower of 915,000. These undertakings are exclusive of public utilities and the building trade. The total of home sales and foreign sales for 1952 and 1953 was 18.5 million and 79.7 million florins.

* * * * * * *

Big Rise in Commonwealth Oil Output: The Petroleum Information Bureau in London announces a great increase in Commonwealth oil output. During the first quarter of this year, Commonwealth countries produced 5,200,000 tons of oil (including natural gasolene). This compares with an output of only 4,000,000 tons in the first quarter of 1953, though production over last year as a whole averaged approximately 5,000,000 tons a quarter. The leading producer was Canada, which supplied 2,980,000 tons in the first three months of this year as against 1,940,000 tons over the corresponding period of 1953. After Canada the most important producers were British Borneo, with 1,250,000 tons in the first quarter of 1954, and Trinidad, with 800,000 tons—both approximately the same as in the first quarter of the last year.

* * * * * * *

Further Grants and Loans for Development of Handloom Industry: The Government of India have sanctioned further grants and loans to various States for the development of the handloom industry. The All-India Handloom Board gets Rs. 2.3 lakhs for opening showrooms for handloom fabrics in Madras, Nagpur, Bombay, Gwalior, Banaras and Calcutta. The Rajasthan Government has been sanctioned a loan of Rs. 3,19,500 and a grant of Rs. 87,240. A loan of Rs. 46,000 and a grant of Rs. 19,688 have been given to Vindhya Pradesh. Hyderabad has been given a grant of Rs. 21,500 towards expenses on organisation and supervision of the schemes for the development of the handloom industry.

AGRICULTURE

Research Centres for Soil Conservation: Under the auspices of the newly formed Soil Conservation Board, seven regional research and demonstration centres are proposed to be set up soon. These centres will be located in distinctive areas such as the black cotton soil region, a river valley project area and so on. Research in soil erosion and formation, surveys and soil engineering, dry farming, farm forestry, pasture management and land improvement will be undertaken. Training will be intimately linked with demonstration and research. It is reported that a Model Soil Conservation Bill is to be drawn up for the guidance of State Governments for setting up soil conservation boards.

* * * * * * *

Kashmir Measures for Increasing Food Production: The Kashmir Government has decided to undertake extensive land reclamation measures as part of its G.M.F. campaign. It is proposed to reclaim 30,000 acres of land under the Wular Lake, by emptying out the lake waters and building a bund across the remaining part of the lake. (Wular Lake covers an area of about 200,000 acres). Another measure proposed is the popularisation of the use of ammonium sulphate as fertiliser, for food production. About 50,000 maunds of this have already been used with good results.

FINANCE

Czechoslovak Budget for 1954: The Czech Budget for 1954 is composed of the following groups: receipts from the socialist sector kcs 65,293 million; yield of taxes, dues and charges kcs 10,165 million; and sundry revenue kcs 12,344 million so that the total revenue amounts to kcs 87,803 million. Expenditure on the national economy figures at kcs 48,518 million, that on cultural and social measures at kcs 27,381 million, on defence and security kcs 7,787 million, on administration kcs, 3,737 million, and on the national debt kcs 148 million, so that expenditure totals kcs 87,572 million, leaving a surplus of kcs 230 million. The budgets of the national committees are part and parcel of the State Budget. Their revenue figures at kcs 14,880 million, and their expenditure is fixed at the like sum. The Budget of the Czechoslovak Republic for the year 1954 is calculated to ensure, in the spirit of the Government pronouncement, a further improvement in the material and cultural level of the Czechoslovak people and the continued expansion of the country's national economy.

* * * * * * *

British Loan to Provide New Wealth for Kenya: Within a decade or so, the African farmer should become Kenya's major producer of coffee, pyrethrum and pineapples. This is the expected result of a scheme to increase both acreage and production of cash crops in the colony. The scheme forms part of Keny's new Five-Year Plan to intensify African farming by employing the £5,000,000 loan that Britain has provided for the purpose. The cash crop scheme, the biggest single item in the plan, is expected to use more than £1,000,000 of the British loan. Other projects under the plan aim at bringing more wealth to the pastoral tribes of the semi-arid districts like the Northern Frontier, which constitute two-thirds of the Colony's area. These pastoralists now own most of the 6,000,000 head of cattle in the territory. A target has been set of increasing the value of cattle from between 30 sh. and 50 sh. each to as much as 200 sh. to 300 sh. each.

* * * * * * *

Foreign Insurance Companies: Gross premium written direct in 1952 to India by foreign insurance companies was Rs. 6.8 crores for life insurance and Rs. 9.4 crores for general insurance. Foreign insurance companies doing life business held under trust Government and approved securities to the extent of Rs. 31.77 crores

on December 31, 1952, in accordance with section 27 of the Insurance Act. Under the Insurance Act, insurance companies are not required to furnish information relating to the amount remitted or invested overseas by these companies out of the money earned from their business in India.

* * * * * * *

Pakistan Refugee Rehabilitation Finance Corporation: The Pakistan Refugee Rehabilitation Finance Corporation advanced loans of over twenty lakhs of rupees to 1,153 refugee families during the year 1953-54. The Corporation distributed sewing machines worth about Rs. 4,54,828 and thus assisted 1,450 refugee widows, low paid employees and tailors. The Corporation has also set up a blanket factory at the Bholari camp (Sind) in which it has invested Rs. 1,00,000. This factory has been planned to work as an economic unit with 50 looms 15 of which have started production.

* * * * * * *

Gold and Jewellery for National Plan Loan: The Union Government are arranging to provide facilities, through well-known banks, for the receipt of subscriptions in kind (gold and jewellery), their conversion into cash and the investment of the sale proceeds in the National Plan Loan. The procedure being: (a) Persons wishing to tender jewellery or gold for conversion and investment in the National Plan Loan should send it to the nearest branch of the bank nominated for the purpose. (b) Intimation of this should be sent to the Collector of the District or the head of the local non-official organisation nominated by him for the purpose. (c) An undertaking along with the jewellery or gold that the tenderer accepts without question, the sale proceeds realised by the bank to which the jewellery or gold is being sent, and indicating the treasury or sub-treasury at which interest on the bonds will be drawn. (d) The bank will dispose of the jewellery or gold to the best advantage in consultation with the Collector or the person nominated by him under (b) above, invest the maximum amount possible in the National Plan Loan and remit the balance, less the out-of-pocket expenses if any, to the tenderer.

TRADE

India Losing Foreign Coal Markets: Indian coal is gradually losing ground in overseas markets despite abolition of the surcharge on coal exports and the trade agreement with Pakistan. Total exports during 1953-54 amounted to 19,16,541 tons as compared with 26,86,799 tons in the previous year and 28,00,944 tons in 1951-52. While a number of countries withdrew altogether from the Indian market, Far Eastern countries reduced their offtake because supplies were available from other sources at cheaper rates. Australia emerged as supplier of coal last year. Exports to all Far Eastern countries, except Burma, recorded a sharp decline due to competition from China, Australia, South Africa and the U.S.A. Coal dispatches to Pakistan were estimated at 7,37,914 tons, showing a fall of 15,979 tons as compared with 1952-53. That country's monthly offtake lagged behind the 81,000 tons stipulated in the trade agreement.

* * * * * * *

British Oil Exports Set Record: British exports of refined petroleum products for the first quarter of 1954 earned just over £21.5 million. This compares with just under £19.3 million for the first quarter of 1953, approximately £18 million for the final quarter of that year, and an average of nearly £18 million per quarter for the whole of last year. Thus the earnings for the first quarter of this year were the highest in any such period to date. About one-third of last quarter's total earnings came from exports of fuel oil (worth £3.38 million), followed by motor spirit (4.87 million). Other important items were gas oil and lube oil, each of which earned over £2 million.

* * * * * * *

India Major Buyer of U.K. Refined Sugar: Recent heavy sales to overseas buyers, including India and Pakistan, have resulted in British refiners being 'sold out' for white sugar for exports until June. The principal buyer has been India, which has taken some 50,000 tons, while a steady trade was maintained to other destinations, with fairly large sales being reported to Pakistan, East Africa, Iraq and Switzerland. Shipments from the U.K. during March, of which almost half were for the U.S.S.R., were high at about 79,000 tons. Shipments of British refined sugar for the first quarter of this year at 170,000 tons are about 38,000 tons higher than in the corresponding period of 1953.

* * * * * * *

India Main Supplier of Grey Cloth to U.K.: According to figures recently released in Manchester, during the early months of this year, India replaced Japan as the main supplier of cotton grey cloth to the United Kingdom. U.K. imports of grey cloth from India in January totalled 5,488,000 square yards, while the figure for February was nearly double—10,727,000 square yards. When 311,000 square yards of Indian finished cloth is added to this figure, U.K. imports from India in February accounted for 11,038,000 square yards of the total imports of 18,719,000 square yards for the month from all sources. Unlike cloth shipped to the U.K. from a number of other oversea countries, none of the Indian cloth was designed for re-export after undergoing finishing processes in Britain.

* * * * * * *

Hungary Orders British Goods: An immediate order for £350,000 worth of textiles, chemicals, drugs and metals has been agreed between British businessmen and Hungarian State purchasing organisations. Technical discussions for contracts for further engineering items have been carried to an advanced stage and will be completed in London. These additional contracts would be worth about £450,000 for electrical equipment, diesel engines, cables, heavy chemicals, special steels and other metals. The volume of trade can be considerably developed. (In 1949 British exports to Hungary totalled £3,948,000 and Hungarian exports to Britain were £6,173,000).

MISCELLANEOUS

Analysis of Vegetable Oils: The Planning Commission observes that, in the context of the widespread adulteration of ghee and edible vegetable oils prevalent in the country, the grading of these commodities under the Agmark should be greatly encouraged so as to place pre-tested production in the market for the benefit of the consumers. The recent Conference of State Ministers of Agriculture also endorsed this view and recommended that Central and State Government institutions, hostels, railways and the Armed Forces should buy only graded ghee and vegetable oils. The Agricultural Marketing Adviser to the Government of India is taking necessary steps to expand the grading of ghee and vegetable oils under the Agmark with a view to making increased quantities of these food articles available to the public.

* * * * * * *

Supplementary Agreement on Village Extension Workers' Training Programme Signed: A supplementary Indo-U.S. Operational Agreement was signed recently for the provision of additional equipment, supplies, training opportunities and technical assistance to the existing Extension Training Centres in the country for expediting the training of village-level workers and broadening the scope of the centres by including the training of women village workers in home economics. Transport and demonstration equipment for the 25 existing centres and nine additional centres will be provided under the supplementary agreement by the T.C.M. The total estimated joint cost of the project under this supplementary agreement, apart from the costs covered by contribution from the Ford Foundation and the cost of sending groups of trainees abroad is $350,150 and Rs. 3,000,000.

NEWS IN BRIEF

INDIAN

Indian-assembled radio sets have promising world markets, particularly in the Far East. The Union Government has asked its trade representatives abroad to examine the possibility of marketing them in their respective areas.

* * * * * * *

By March, 1954, the U.N.I.C.E.F. contribution to Health and Welfare Programmes in India totalled $9.7 million or approximately Rs. 4.85 crores. These funds were used to furnish equipment, supplies or services, for specific projects.

* * * * * * *

The Government of India have decided to form another wheat zone, comprising the States of Bombay (excluding Bombay City), Madhya Bharat, Madhya Pradesh, Rajasthan and Bhopal. Wheat will now move freely within this zone on trade account, but its export from the zone will not be permissible.

* * * * * * *

A conference of Local Self-Government Ministers of the States of the Indian Union, convened by the Union Minister of Health, will meet at Simla on June 25, 1954, to discuss the place of the Village Panchayats in the preparation and implementation of the next Five-Year Plan.

* * * * * * *

The U.S. Army's Japan Procurement Agency announces the award of two bituminous coal contracts valued at £1.428 million to two Indian firms. The coal is to be shipped to Korea.

* * * * * * *

According to an announcement made recently in New York, a trade delegation of the Indian Jute Mills Association is to visit the U.S.A. and Canada during the current fortnight, in order to study the North American market.

* * * * * * *

The Government of India have decided to ban, for a period of three months, the export of old hemp rope cuttings, freely licensed up to March 31, 1954. No export of this material will, therefore, be allowed up to the end of June 1954.

* * * * * * *

Nepal was recently granted Rs. 1.5 lakhs by the Ford Foundation to organise a Technical Assistance Service for small-scale and village industries and a Home Economics Institute for training girls for village services.

* * * * * * *

India's exports to the U.K. in the first three months of 1954, were valued at £41.24 million, and her imports from U.K. at £30.09 million. Total trade between the two countries (including British re-exports) amounted to £71.43 million, compared with £51.59 million in the corresponding period of 1953.

* * * * * * *

The concession of interim relief to those holding post office savings bank accounts in Pakistan or postal certificates or postal life insurance who were unable to obtain their dues from Government is applicable to those who migrated to India up to March 31, 1951.

* * * * * * *

Central Government loans, totalling Rs. 50 lakhs repayable in 30 years, are to be advanced to local bodies in different States to enable them to pay their share of the cost of construction of over-bridges and under-bridges to replace railway level crossings, wherever this is found necessary.

FOREIGN

It is announced by the British Clock and Watch Manufacturers' Association that nearly 4,750,000 clocks and 2,500,000 watches were produced in the United Kingdom last year, and about one-third of this total—worth over £1,000,000—was exported.

* * * * * * *

A Committee of Church, Civic and Welfare leaders has been formed in the U.S.A. to press for Congressional enactment of the $104,500,000 aid programme which President Eisenhower has proposed for India.

* * * * * * *

The Geneva Conference was described by an U.N. official as one of the cheapest international conferences ever held. In the first 19 days, the Conference had spent $35,000, well within the $60,000 deposited against costs by the four inviting Powers—$15,000 each by Russia, U.S.A., U.K. and France.

* * * * * * *

The International Monetary Fund received U.S. $36,220,000 from India during March 1954, towards repurchasing an equivalent amount of Indian currency held by the Fund. The Government of Australia paid U.S. $6,000,000 to the Fund during the month in a repurchase of Australian pounds.

* * * * * * *

The Director-General of the International Labour Office recently announced that the Union of Soviet Socialist Republics had accepted the obligation of the I.L.O. Constitution and had been admitted as a member of the Organisation.

* * * * * * *

The South-East Asian Regional Office of the W.H.O. announces the appointment of Dr. G. Sambasivan, well-known Indian malariologist and former Assistant Director of the Malaria Institute of India, to serve as Consultant in Malaria Control to the Government of Burma.

* * * * * * *

Britain's Royal Mint turned out just over 456 million coins last year of which the U.K. took 222 million; 109 million went to Commonwealth countries and 125 million to foreign governments. An estimated 175 million shillings are permanently out of circulation, being locked up in pre-payment gas and electricity meters.

* * * * * * *

It is announced by the Australian Prime Minister that Australia is sending 200 tractors to Pakistan this week under the Colombo Plan, to be used for increasing food production. The tractors are expected to cost about £3.5 million (Australian).

* * * * * * *

The Netherlands came fourth, after U.S.A., U.K., and France, among the 70 countries participating in the U.N. Technical Assistance programme to underdeveloped countries. Ninety-six experts were sent abroad (including contracts extended) and 151 students were received.

* * * * * * *

The U.K. Board of Trade announces that import duties on fresh plums and strawberries, nursery stock, flowers and foliage are to be revised, and that these goods can be imported from the sterling area, Western European countries, and certain other foreign countries without quantitative restrictions.

* * * * * * *

Australia will save more than $5,000,000 a year by producing all its aluminium requirements in a plant now nearing completion in Tasmania. The Australian Government has contributed more than $20,000,000 towards the establishment of the project.



The Mark of

QUALITY ECONOMY & DURABILITY

Our Specialities

* 'Paramsukh' Dhoties
* 'Lakes Beauty' Mulls
* 'Moti Voil'
* Striped Shirtings
* Drills, Addi Cloth
* Cambrics, Longcloth Sarees
* 'Century, Batsman' Blankets
* Bld., Striped and Dyed Turkish Towels
* Grey Sheetings
* Black Dyed Venetian Cloth
* Umberella Cloth.

MULTI-COLOURED PRINTED CHINTZ & MULLS
In Various Designs.

THE CENTURY SPG. & MFG. CO., LTD.
Head Office:
Queen's Mansion, Prescot Road, Fort, BOMBAY.
Gram: Century Phones: 31904, 30435, 21397
Managing Agents: BIRLA BROTHERS LTD.

A Window On The World

ECONOMIC INDEPENDENCE AND DEMOCRACY

By

ODYSSEUS

IT IS NO ACCIDENT that the countries which protect the right of the individual citizen to vote in secret, to follow whatever religious faith he likes, to be immune from arbitrary arrest and imprisonment without a public trial in which his innocence is assumed, to express his views in public meetings and in the newspapers, to form associations to promote causes that he has at heart, to quit his job at will and take up another, it is, I repeat, no accident that the countries which value the individual are broadly identified with a Free Enterprise competitive economy, and that those countries in which secret police are more prominent than secret ballots, in which you have to enquire whether the churches, temples, or mosques, are open, in which the man with whom you were dining last night disappears from circulation for reasons that may never be disclosed, or disclosed only at a trial which assumes his guilt, in which there are no public meetings save those of "the party", in which the newspapers toe "the party line", and in which the "party's cause" is the only cause on behalf of which it is legal to form a duly authorised association, it is no accident that such countries, which place the interests of the state above the rights of the individual, are identified with Socialist, Communist, or totalitarian economic systems.

It is no accident, because the Free Enterprise system relies on competition to speed the change, development, and growth which is its goal; the Capitalist assumption is that the new ideas and new techniques that lead to increased production cannot be attained unless every man is free to think for himself. This is democracy.

But the totalitarians also claim that their system is democratic. What is the difference? In a Capitalist or Free Enterprise democracy, the individual is free to advance his own interests which are identified with the interests of the state, providing that they do not clash with various legal safeguards set up by a freely elected parliament. In a totalitarian state, democracy means that the majority are ruled by a self-elected minority promoting what it conceives to be the interests of the state. There is no room for opposition, or for minority economic tastes, in a totalitarian "democracy".

I disagree with those who define democracy merely as "the rule of the majority". Thus defined, democracy amounts to "might is right". But the essence of democracy as it has been practised in Britain, and as since 1947 it has begun to be practised in India, is the rule of a tolerant majority, which knows that it will break the state up if it insists on crude majority rights. What safeguards the rights of the substantial permanent Muslim minority in India is the knowledge that they are citizens of a democracy governed by a constitutionally minded majority, restrained from the crude exercise of its will by the ideal of justice, helped out by the Supreme Court's venerable big stick.

WHEN SECRET BALLOTS ARE USELESS

What is the basic reason why Free Enterprise and democracy go hand in hand? In his readable book "Capitalism," Professor D. M. Wright sums up my point neatly by observing that it would not suffice a would-be leader if he were merely allowed to make public speeches against the party in office before cowed workers. Workers must not only have a vote but feel free to use it as they like. If a man's economic livelihood comes to depend on his voting for a given political party, the fact that the ballot may be secret is not enough to protect him. He is apt to be too frightened of losing his job or compromising his future to trust the ballot. (This, in parenthesis, is what vitiates most international plebiscites. I was, for example, an eye-witness of the Sarre plebiscite in 1935 in which Hitler obtained a 90.8 per cent majority. I watched the voting and the vote counting and I am satisfied that it was absolutely secret and honest, but everyone knew that the result was a foregone conclusion. For if Hitler were to have had only a 51 per cent majority everyone would have been frightened of being identified with the 49 per cent minority and suffering reprisals). Consequently, in countries where a man is free to move from one job to another as he likes, or to organise a union for his protection, his resulting economic independence is a safeguard for his political independence.

We agreed here on April 30 that it is impossible to eliminate conflict from the state and we noted that in an attempt to eliminate conflicts, the totalitarian state tries to secure uniformity of opinion by enforcing "correct" or "right" opinions that coincide with those of the state's ruling clique. But in a Free Enterprise regime, when a business leader like J. R. D. Tata or G. D. Birla has an executive vacancy to fill, he searches for men with new ideas, who will bring new blood, new initiatives, and new methods into Tisco and Texmaco. Here, again, the Free Enterprise outlook of competitive production, clashing opinions, and changing techniques, favours political freedom.

And as with the rank and file, so with the business executive, economic independence is promoted by competition among entrepreneurs for men with new ideas. But if, as in a Communist state, all the potential leaders belong to the same group and uphold the same policies, the rank and file will be leaderless and therefore powerless to revolt, which is what the Communist state wants.

To open another parenthesis here, trade unions originated as a safeguard of the rank and file's economic independence against employers, but a dangerous modern development is the emergence of totalitarian methods is union management which place the individual union member wholly at the mercy of the leaders who tend to form a narrow clique. This development has arisen owing to the increasing success with which the unions have prevented men from quitting one job in favour of another. Men tied to one union lose their economic independence, and so their political independence.

THE WILL-O'-THE-WISP OF SECURITY

The Socialist's cure for all ills is job security. His approach is two-fold: (a) by the elimination of competition for jobs among trade unionists, and (b) by the elimination of competition among industrial units in favour of planned state monopolies. The worker is forced to sacrifice his political freedom to an economic security which must in the long run be doubtful, for the Socialist unconsciously identifies what is safe with what is unchanging, and an unchanging industry is one that is losing ground.

Do not misunderstand me. I am not trying to argue that the worker must forego the protection of a union and must revert to his early nineteenth century state of such unprotected freedom of contract that he is at the mercy of an all-powerful employer who can

under-pay, over-work, and dismiss him at will. Nor am I arguing that the Free Enterprise system can always guarantee full employment.

We must concede at once that economic expansion and growth will upset routines and will affect different industries in different ways. Professor D. M. Wright shrewdly observes that if the national income doubles, manufacturers of kerosene lamps are not likely to double their sales since many of their customers will now be able to afford electricity. (Which is why economic growth is a far more effective impediment to the formation of effective monopolies and trusts than any anti-trust law. The power of the so-called monopolies in Capitalist systems has been exaggerated. Barring a few public utilities, it is difficult to think of any monopoly which need fear no competition from substitutes). Growth will always inconvenience many vested interests. Not only the vested interest of the business man in his dividends, but of the worker in his skill, of the trade union leader in his power, and of the Socialist bureaucrat in his job. Change turns many a former happy man into a "has-been".

The quest of security, Professor Wright goes on to point out, has led men to devise plans which, even if they will not guarantee security to every individual in his particular job, will at least guarantee in advance that the total of industrial changes will always mean full employment. But if we want an advance guarantee of, say, 97 per cent full employment, we plunge straight into rigid central control. No major expansion can be allowed without central authorisation. I dispute that central planning would give the advance guarantee of perfect security sought, but even if it could, it has two weaknesses:

(1) to give a small group of planners such unlimited power over the economic life of every region, city, industry, factory, and labour union, also gives them a power of economic reprisal against dissenting groups and regions which destroys (a) the freedom of the individual and (b) the prospect of a democracy in which minorities flourish under a tolerant majority;

(2) the planning board in a closed and directed economy risks being exposed to so many contradictory pressures from vested interests of all kinds striving to secure favours for, or to protect, their own regions, industries or government departments, that economic growth is slowed to snail's pace (by comparison, for example, with the extraordinary pace seen in the countries of the West when Free Enterprise had a relatively free hand in the nineteenth century), and it is not difficult to imagine circumstances in which growth would be completely choked. In illustration of this possibility, Professor Wright recalls the defeat of every attempt made so far to clear up the jungle of the U.S. tariff. He suggests that a centrally planned economy might "repeat on a national scale" this "log-rolling stagnation", and he concludes that "advance guarantee of absolute individual security cannot be combined with effective democracy or with rising living standards".

MIDDLE CLASS ILLFARE

I argued here on April 16, that it was economic waste to train people up expensively as doctors, engineers, accountants, civil servants, business leaders, etc., and then tax them so heavily that (a) much of their energies that should be devoted to their special talents are used up on domestic chores and other jobs that could be done by anyone without special training, and (b) they cannot afford the relaxation and amenities essential to recuperate minds engaged in creative and intellectual work. There is danger in this to the welfare of the masses who have to rely on the middle classes for the technical expertise and resilient leadership without which a modern state bogs down. I illustrated my argument with examples best known to me: my own home and working life. Solicitous friends have written to condole with me on my misfortunes. They seem to think that poor old Odysseus has fallen on evil days in his old age. I thank them for their kindly thoughts but would observe that the point of my article was not that my woes are exceptional but that, on the contrary, they are typical of the worldwide economic waste of middle class potentialities that, in greater or lesser degree, characterises every welfare state in the world.

A New Book
For the Library and the Connoisseur of Art

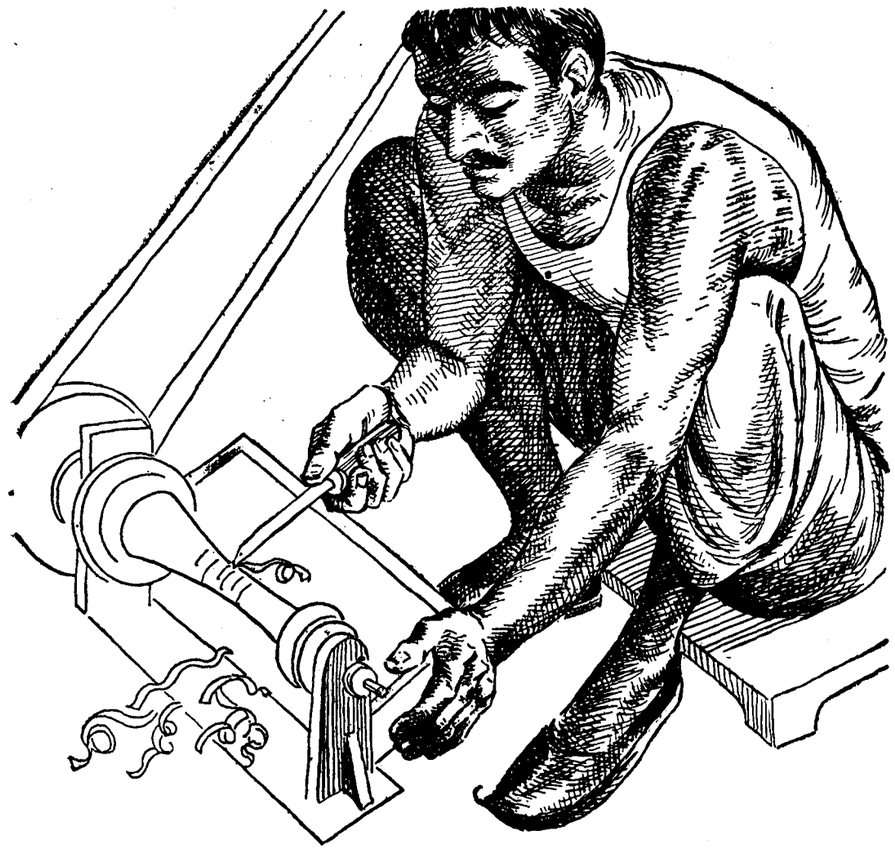
SKETCHES OF GANDHI

By

FELIKS TOPOLSKI

A unique collection of 24 sketches and two four-coloured paintings of Mahatma Gandhi by the famous Polish artist. Embellished with rare quotations from Gandhiji.

Price Sixteen Rupees **Postage extra**



yes, it is my plan!

Lights will be switched on in a thousand villages. Handlooms, lathes will hum and spin. Every small community will become the hub of a growing village industry. There will be work for everyone. The Five Year Plan provides for Rs. 127 crores to be spent on developing and adding to our power resources. Multi-purpose hydro-electric schemes will supply cheap power to industry. Here is proof of a nation's determination to take its place amongst the leaders of the world.

Lakhs of tons of Steel will be used to implement the many diverse projects of the Plan. And so, in numerous significant ways Steel will provide the foundations for a richer, more rewarding future for our nation and our people.

THE TATA IRON AND STEEL COMPANY LIMITED

TN 3933

How banking serves the PLYWOOD INDUSTRY



TIMBER suitable for plywood and tea chests is plentiful on the south-western coast, and the plywood industry in India is expanding every year. Production capacity has doubled since 1948, rating over 150 million square feet per annum now. Out of India's 53 plywood factories, more than half are in Malabar, Cochin, Travancore and Bangalore.

Banking has greatly helped in the rapid growth of the plywood industry. The facilities and guidance of a good bank, such as the availability of ready funds when needed, and the collection of dues in any part of the country, are an essential part of good organisation in the plywood industry.

We at Palai are proud that so many leading plywood manufacturers of South India employ the *complete* banking service we offer.

Current Accounts—Demand Drafts—Telegraphic Transfers—Investments—Letters of Credit—Bill Collection—Deposits—Loans & Overdrafts—Confidential Credit Reports, etc.

If you have business interests in the South, it will pay you to open an account with us. Our 24 branches are strategically located, 22 in important South Indian business centres and two in Delhi and New Delhi; and we have correspondents in all important Indian cities. We offer a fully comprehensive banking service at each office.

Our clients can make deposits at any of our correspondent banks, situated in all important Indian towns, and have the amounts credited to their accounts at any of our branches.

ESTD. 1927

PALAI CENTRAL BANK LTD.

(Incorporated in Travancore-Cochin with Limited Liability)

Head Office: PALAI, TRAVANCORE.
Branches at: Madras, Cochin, Quilon, Trivandrum, Alleppey, Mangalore, Bangalore, etc. ***Also at:*** Delhi & New Delhi.

A LEADING BANK IN SOUTH INDIA

PC 9754

BOOK REVIEWS

THIS POLARISED WORLD

The Century of Total War: Raymond Aron: Doubleday and Company, Inc., Garden City, New York: $5.00.

This remarkable book by one of Western Europe's leading thinkers is happy in its choice of the questions that it discusses and is fascinating, if not always happy, in its answers. Raymond Aron has lived with the problems that he is discussing. Partially, they are problems of the mind, and M. Aron was a professor before he became a vigorous publicist and the editor of 'La France Libre' during the war and the editor of 'Combat' after it. As a commentator of 'Le Figaro' now, he is acknowledged as one of the most penetrating analysts of our time. Whatever the direction in which he leads in this work, it is reward enough to be in his company.

There is no single thread on which this book has been hung. It is concerned primarily with the consequences of bipolarisation when one side is the U.S.S.R., expansive with a secular religion of conquest, while the other side is in no mood to accept a religion of expansionism. The effect of technical advance is to make war total, global in space, and comprehensive in its instruments of terror (partly through propaganda) and destruction. On the other hand, war itself, precisely because it is total, cannot readily be invoked and, therefore, two compromises have emerged. One is the Cold War, by which the great conflict can proceed without a shooting war being employed. The other is limited war, as in Korea or Indo-China, where almost as if by agreement, the total war instruments are kept outside the fight.

In this sense, perhaps, the concept of total war which lies in the background is a good description of our century. But, since the argument seems to imply that total war will not be utilised because of the dangers which it involves to both combatants, one wonders whether the title of the book correctly describes its contents. Although the conclusion cannot be described as happy, it is at least loaded on the side of peace to the extent that M. Aron implies that the Cold War does not necesarily break into a shooting war and that the conventions of the Cold War might conceivably be maintained indefinitely. Not, indeed, that they were maintained in Korea. But this was a special case based on a misunderstanding in the main. M. Aron's observation (p. 118) is: "An unwritten convention of the Cold War excluded the crossing of frontiers or lines of demarcation by regular armies. The violation of this rule produced the military intervention of the United States, the rearmament of the Western world, and the undeclared war between China and the United States North Korean's aggression expanded into a war, limited but no longer cold".

The question is whether the Soviet Union has now finally learnt its lesson, and will respect the conventions and force them on its satellites. Even if it does, peace is not guaranteed. It now appears that external influences are decreeing intervention in Indo-China because the equilibrium set up between the Communist and non-Communist forces can no longer be settled even by a civil war. The chances, therefore, of a limited external war have become greater since civil war provides no acceptable solution for an area of real strategic value.

To the question, "Can the third World War be won without becoming total", M. Aron in his last paragraph has no answer unless it be a counsel of courage. He says, "Can the third World War be won without becoming total? No one knows. But we know that in the limited war more even than in the total one, courage and faith count as much as material resources. The will to win will not eliminate the perils that are to be our daily lot for years, but it can give us a better chance of overcoming them".

This is a great book which needs far greater publicity in India than an American edition priced at five dollars is likely to secure. Will not an Indian publisher consider reprinting it at a price which the market will bear?

MATHEMATICS FOR ALL?

Mathematics in Action: By O. G. Sutton: G. Bell and Sons Ltd., London: In India, Orient Longmans Ltd., 17, Chittaranjan Avenue, Calcutta: 16sh. net.

This book is described as a straightforward account of applied mathematics and its influence on modern ideas concerning the nature of the physical universe. It is part of the equipment of an intelligent lay man interested in science. But it can well be used to broaden the mind of the scientific specialist. This applies particularly to the student of the social sciences. Only one Chapter VI described as "Statistics or the Weighing of Evidence" is strictly within the field of social scientist. But he will be well rewarded by reading the entire book just as the non-statistician will find a miracle of compression in the chapter on statistics.

Professor Sutton, who is the Dean of the Royal Military College of Science in London, has a gift for exposition at a level where minor knowledge of the differential and integral calculus can be employed. One wonders how large that range in India is. Probably not large enough to make this fine exposition of mathematical methods a popular book.

There is just a suggestion of cynicism in some of the quotations below chapter headings. For example, under Chapter VII "Mathematics and the Weather" there occurs the quotation from Job "Who can number the clouds in wisdom?" And what is one to make of the quotation from Burton under the head "Statistics, or the Weighing of Evidence" which reads as follows?

> "By ignorance we know not things necessary;
> by error we know them falsely."

THE FORT WILLIAM JUTE CO., LTD.

NOTICE

The Half-yearly Ordinary General Meeting of the Company will be held at the Registered Office, No. 14, Netaji Subhas Road, Calcutta, on Monday the 28th June, 1954 at 3-30 P.M. for the purpose of receiving the Directors' Report and Auditors' Report, passing the Accounts for the half-year ended 31st March, 1954, declaring dividends, electing Director, appointing Auditors and transacting such other business as may be brought forward before the meeting.

The Share Transfer Registers of the Company will be closed from 15th June to 28th June, 1954, both days inclusive.

By Order of Board,

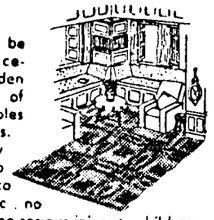
Per Pro. BANGUR BROTHERS LTD.,

N. D. BANGUR
Managing Director.

CALCUTTA,
Dated 25th May, 1954.

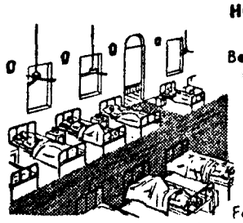
LINOLEUM—
The Versatile Floor Covering...

HOMES :



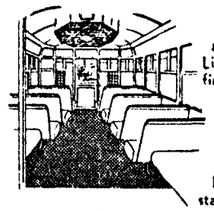
Linoleum can be laid on a simple cement or wooden floor in place of expensive marbles or mosaic floors. It is extremely comfortable to walk on easy to clean hygienic no jarring noises, no serious injury to children even if they fall Linoleum adds colour and brightness to the home, safeguards health, promotes quiet.

HOSPITALS :



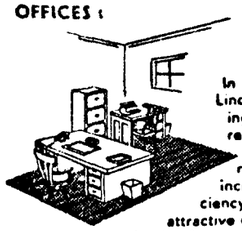
Being an hygienic, synthetic material, Linoleum is obviously an ideal floor-covering for hospitals and clinics. For nurses and doctors constantly on their feet, its "cushioning action" is a great boon; for the patients, no more disturbing noises from clattering feet.

PUBLIC TRANSPORT :



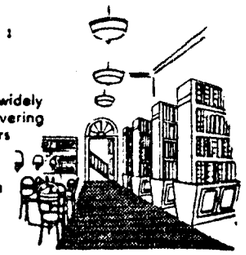
Tough, durable and easy to clean, Linoleum is the first choice for installation in public conveyances. Railway carriages, tram cars, buses. Linoleum stands up to the strain In India where so much luggage is carried in railway compartments, Linoleum seldom scratches or gets torn.

OFFICES :



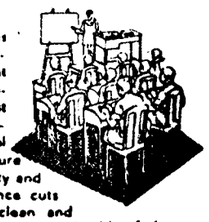
In the office Linoleum flooring effectively reduces noise and personnel fatigue, increases efficiency For an attractive office maintained at low cost, Linoleum as a floor-covering is a real, long-term investment bringing everyday returns.

LIBRARIES :



Linoleum is widely used for covering library floors because it minimises noise, makes for that quiet atmosphere so essential for concentration. No more screeching chairs or clattering feet.

SCHOOLS :



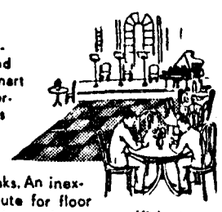
Because it reduces noise and contributes to a bright atmosphere Linoleum is a most effective floor-covering for school rooms and lecture halls Its durability and ease of maintenance cuts costs. Easy to clean and hygienic it safeguards the health of the youngsters. Particularly suitable for gymnasiums and recreation rooms.

SHOPS :

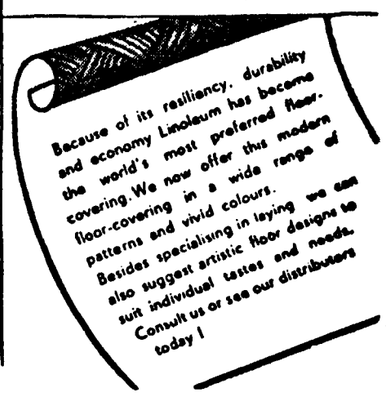


For effective decoration of shop interiors Linoleum is unrivalled It stands up to the heavy traffic on shop floors and the constant use of counters Wash it clean at shutting-up time, and have a bright, new floor the next morning.

HOTELS AND RESTAURANTS :



Hotel managements have found in Linoleum a smart and durable floor-covering that is easy to clean and does not soil from spilled food or drinks. An inexpensive substitute for floor rugs and carpets, and a more efficient floor-covering than either.



INDIA LINOLEUMS LIMITED

8, ROYAL EXCHANGE PLACE, CALCUTTA-1

A DELHI DIARY

REST FOR REASSESSMENT!

THE Captain and members of Parliament have departed. The Prime Minister is at the President's estate at Mashobra outside Simla, enjoying, one hopes, a little rest. The pace at which he has been working in the last month has been truly terrific, breaking, I am told, his own previous record or records, since no one else has ever nearly approached the Prime Minister's hours of work. Members of Parliament who have now returned to their constituencies (some of which are as hot as Delhi!) also deserve some recess. The last session of Parliament has been one of the most exhausting that there has ever been; I make bold to suggest that, now that their allowances are to be fixed at an appropriately meagre figure, the least the country can do for them is to class them as workers entitled to double the usual wage for overtime. If this is not possible, would it not be permissible to have some palatial Houses for Rest in hill stations to which in this Welfare State this important group of national workers could be sent for a recess after a gruelling session? I make this proposal in all seriousness. Members of Parliament, who receive a pittance not comparable in any way with the time their labours do (or should!) consume, should in the national interest be kept fit, both physically and mentally, so that they bring to bear upon their work fine judgment and an appropriate knowledge of each case.

THE ESTIMATES COMMITTEE

I am tempted to make this observation because happenings in the last two weeks have been gravely disturbing. It is right and proper that Parliament should ruthlessly expose scandals, or cases of proved negligence, or indifference in the expenditure of public money. Some of the observations of the Estimates Committee on the working of the Central Tractor Organization or the Rau Committee's Report or the Damodar Valley Corporation may be justified. But I wonder whether members of the Estimates Committee or the Lok Sabha (as the House of the People is now called!) have appreciated the setting of the errors which they have so scathingly described. In the case of the report on the Central Tractor Organization, I cannot help feeling that gross injustice has been done. Mr. Rafi Ahmed Kidwai's statement in the Lok Sabha on May 21 has not recorded with anything like the force of the original report. And yet almost any unbiassed commentator will argee that it is this statement, and not the original report, which contains the better perspective.

Reclamation work in 1951 was, so to speak, a war measure, treated rightly as a race against the clock, since in that year the directive to the Ministry of Food and Agriculture was self-sufficiency at the end of 1952. When this (unwise!) directive was discussed in the House, it was loudly cheered by some members of Parliament who are seeking to pillory the Ministry for its swift, though expensive, experiments. A portion of Mr. Kidwai's statement on this matter deserves to be reproduced in full. He said: "It is stated by the Estimates Committee that we should not have purchased these without a full trial. Now I do not know what particular type of trial the Estimates Committee had in mind, but if the tractors in question had been submitted to the type of test which alone would have been worth while, it would have taken us several thousand hours of experimental work, stretching over more than two seasons, that is two years, before we could have come to any definite conclusion. That much time we did not then have to spare, and indeed, if such a suggestion had been made to this House at that time, it would have been said, and I think rightly, that we did not have the sense of urgency that the situation demanded. However, it is not contended that these tractors did not do the task for which they were purchased. They did."

The truth is that few members of Parliament today are aware of the enormous difficulties in carrying through any operation with speed in the present set-up of the Government of India. Take a scheme like the Damodar Valley Corporation's plan of work which covers items separated by hundreds of miles and a range of individual projects, each of which in the United States would be placed under an officer with salary and status of the Chairman of the Corporation. In India even the Chairman is strictly hedged in by controls, financial and otherwise. The volume of paper work alone would occupy a Chairman more than a whole working day if he were unwise enough to do it all. The truth is that problems of this magnitude cannot possibly with the present inadequate staff be solved without some major errors. And major errors cost money; but they are not—at least many of them are not—scandals!

FAIRPLAY, PLEASE!

It is this difference between the genuine and bona fide mistakes of men desperately keen on the job (and desperately overworked!) and real acts of negligence or dishonesty which Parliament still does not seem adequately to see. The Ministry of Irrigation and Power (which is now in close and intimate touch with the rough edge of Parliament's tongue!) is reported to be preparing notes and publicity material to show how great has been the achievement against some minor errors which have attracted disproportionate attention. Every person with perspective should stand with the Ministry in this battle against ignorant misrepresentation. It is clear now that the Ministry does not wish to justify all that it has done. It only asks that judgment should be passed after all the facts have been weighed in. It is a just request, to which, it is hoped, the Press and Parliament will both respond.

ECONOMIC PROGRESS—AND OBSTACLES

Passing (by not so devious routes!) from the Estimates Committee to Congress Working Committee resolutions, I wonder whether members of a body still (perhaps inappropriately) described as the High Command recognise the true springs of economic effort. At its meeting this week, the Congress Working Committee is reported to have suggested changes in the Constitution to remove "obstacles to economic progress". The first effect of this resolution which is in some quarters believed to presage a change in the scale of compensation for acquisition has been to produce a new obstacle to economic progress. Has the Congress Working Committee taken in the full significance of the rate of economic progress in India in the years 1952-53 and 1953-54? If it knew its facts and the essential one that India has made spectacular progress in these two years, it would perhaps not be so determined to press change of the Constitution on an unwilling country. There was a famous Prime Minister of England, with wisdom deep in his bones, whose motto was "Let sleeping dogs lie". I suggest, most respectfully, to the Congress Working Committee that it would be good to follow Robert Walpole's advice; when things are going well, cannot the Congress Working Committee just put itself quietly to sleep? A process of hibernation (or the hot-weather equivalent!) will do the country nothing but good!

ARGUS.

SPECIAL ARTICLES:

INDIAN ENGINEERING CAPACITY AND ASIAN NEEDS

AMONG recent trends in India's export trade a very significant one has been the slowly increasing volume of exports of engineering goods. The leading item, for which separate figures are now available in the statistics of India's seaborne trade, is sewing machines and in 1953-54, export of sewing machines was at an average of about a thousand per month, accounting for just one-third of the total value of machinery exports (which is about Rs. 75 lakhs a year). What has been possible in the case of exports of sewing machines can, with some effort, be practicable for quite a wide range of Indian engineering products in the neighbouring markets in South Asian countries. Indian business men concerned have lately commenced to take a keen interest in such export promotion. At a meeting held in Calcutta in December under the auspices of the Federation of Indian Chambers of Commerce and Industry, the questions of forming an Export Promotion Council for the engineering industry and of collection of data on the various types of products now exported were discussed. The actual details of the proposals for export promotion would depend on the results of the market research which had been proposed at that meeting. Meanwhile, there has been a general demand for the expansion of facilities for export of hardware and of engineering products like electric fans, textile machinery, automobiles, diesel engines, centrifugal pumps, machine tools like lathes, drilling machines, and agricultural machinery.

The most important thing to remember about this trade is that it is primarily a matter of Asian interest. With the exception of Japan, India is the only country in Asia with a substantial engineering capacity, a part of which has remained unutilised for sufficiently long periods in the past either for lack of orders or of raw materials. When the investigation ordered by the Government of India into the unutilised capacity available at the present time is completed and the results are available, the full potentialities of the industry will be known. The stepping up of the tempo of the Five-Year Plan may also lead to the proper utilisation of this slack capacity by the diversion of some more orders normally placed abroad to Indian engineering firms. There would, however, still be left sufficient surplus capacity to meet the modest requirements of the other Asian countries—which though limited now is a potentially expanding one when their development plans mature—forging thereby one of the many links in economic co-operation in the region.

The main difficulty in the way of a large expansion of the market for Indian engineering goods lies in the competition from the more advanced countries, including Japan. About 60 per cent of the machinery and transport equipment imported into Asian countries (excluding China) in 1951 came from the United Kingdom and 27 per cent from the U.S.A. while the balance was divided between Western Germany and Japan. Political relations will also strongly influence these patterns of imports, especially in the case of Malaya, Thailand, the Philippines and perhaps even Pakistan. The established trade patterns by which the Western countries are the purchasers of Asian raw materials (like tin and rubber) make it necessary that part of these should be exchanged for capital goods from these countries. When allowance is made for all these factors, sufficient scope can be discovered for utilising Indian engineering capacity also to meet the development needs of South Asian countries.

The development plans in the Asian countries for increasing non-agricultural occupations do not aim at a high degree of industrialisation requiring the most modern types of equipment. Pakistan's plan for development has gone farthest in the direction of industrialisation but even there the types of machinery required extend only to textile spinning and weaving machinery, jute looms, cement machinery and electrical machinery, most of which are manufactured in India in varying proportions to total demand. The needs of the other countries outside the Indian sub-continent are simpler still as indeed they are bound to be when the need is to build small undertakings over a wide range of industries for processing of raw materials and manufacture of consumer goods according to local conditions. What has been done and is proposed to be done in such matters in India will provide a more appropriate pattern for the development of these countries than the introduction of highly automatic labour-saving machinery available from the Western countries at high initial cost.

With important exceptions like motor cars Indian engineering products are such as to offer prices which are competitive; and this price advantage may even be increased by the importing countries, if, as a result of common understanding among the Governments concerned, restrictions and customs duties on their imports are relaxed. That should help the countries to get the best results from the modest doses of capital which they can spare for development along with the assurance that the degree of mechanisation effected thereby is no more than is necessary to increase productivity and no serious problem of unemployment would be created thereby. For the Western countries, special adaptation to the particular requirements of these Asian countries may be necessary, and in some cases may not be worth while because the major part of their activity is geared to a different type of demand which emphasises labour saving. Japan holds an advantage in this respect as a leading manufacturer of equipment for cottage and small-scale industries while India's favourable situation with regard to supply of cheaper iron and steel must enable her to compete on more favourable terms wherever possible.

Here is a test of Indian engineering industry's capacity to adapt itself to a market which has increasing possibilities. Immediately, there is scope for developing a limited market in transport equipment and electrical machinery arising out of current Asian projects for roads and power supply and textile manufacture. The output of power and distribution transformers, electric motors, wires and cables and electric lamps is expanding and can expand sufficiently to meet current needs of this region. It can extend to machine tools, centrifugal pumps, diesel engines, boilers and textile and agricultural machinery. It cannot of course be overlooked that these engineering industries have to concentrate their attention on meeting local needs so as to replace gradually all but the irreducible minimum of imports. The necessity for exports arises partly because of a small surplus capacity in the engineering industry and because of the possible suitability of Indian products for the special needs of the underdeveloped economies. This is only an extension into trade of the intra-regional technical co-operation the scope for which has been explored under the Colombo Plan.

The real extent of the market for these goods remains to be examined. The market will naturally vary according to the tempo of the working of the plans, the finance available to the countries through foreign aid or through better prices for their commodities. The dependence of the Indian engineering industry on the home market would enable it to take the impact of these variations in its stride.

AUTOMOBILE COSTS

NEARLY one year after the Government announced its decision on the recommendations of the Tariff Commission on the modification of protection and assistance to the automobile industry in May last, the next concrete and major step was taken only a few days back. It was to fix a positive programme of manufacture in pursuance of the policy decision to allow the operation of only such units as would undertake to switch over from the assembly stage to complete manufacture after a reasonable period of transition. Out of the twelve units in the industry, eight units which could not see their way to transformation into manufacturing factories now retire from the scene. This leaves four of the existing units in operation as constituting the corpus of the domestic industry. This basic but broad decision must not be allowed to create a false feeling that the preliminaries have been planned on a scale adequate to put the industry on a firm path to development.

The measures that have been taken till now need to be judged by the central test of costs. It is on this test that the ability of the domestic automobile industry must depend to make headway in the home market which is bound to remain its mainstay in the initial period.

The final outcome of the Government's investigation into the production programmes of the four units which have committed themselves to manufacture discloses that the object of reducing the types and makes of motor vehicles to a limited number could not be fully achieved. This was mostly due to the agreements of collaboration with foreign firms in operating the industry. This factor will, no doubt, be responsible to inflate production costs, but it was inevitable. Its effect on costs, however, ought not to be exaggerated. The main problem that still subsists after the new structure has been evolved for the industry, is the wide gap between installed capacity on the one hand and the current, or anticipated, production on the other. The position of the industry in this respect is brought out in the table below:

TABLE

Installed Capacity and Production of Indian Automobile Manufacturers

	Installed capacity	Production in 1951
1. Hindustan Motors, Calcutta	18,000	2,530
2. Premier Automobiles, Bombay	12,000	2,517
3. Ashok Motors, Madras	6,000	1,547
4. Standard Motor Products, Madras	2,000	614
TOTAL	38,000	7,208

The present production reflects a dominating proportion of assembly of imported components, the programme as scrutinised recently indicates that the general claim of the industry to manufacturing at least 50 per cent of the parts, in terms of value, in the course of the next five years or probably earlier is sustained on realistic planning. Output of jeep cars—which is the sole make allowed to be assembled in toto—does not, of course, enter into the above estimate. It also does not take into account the share of Tata-Mercedes-Benz who were late entrants in the field after the plans of the foregoing four factories were very nearly approved. While no precise information is available about their installed capacity or exclusive programme of manufacture of heavy duty diesel trucks, it is difficult to resist the inference that, with a limited demand in the country for heavy diesel vehicles of the order of 1,000, the plan of Ashok Motors in co-operation with Leyland Motors of U.K. for production of the same type of trucks will not be subject to adverse repercussions.

The decision taken on permitting eventually five units to function is to stand and there is no question of its revision. At present hardly one-fifth of the installed capacity is utilised and it may not be unwarranted to assume that as plans of the individual manufacturers are modified in a search for improvement and expansion there may be some addition to capacity. The disparity between capacity and output does not hold promise of being drastically reduced. Still another vital angle from which the magnitude of installed capacity can be viewed again underlines the marked disproportion. It relates to the home demand. Its realistic appraisal by the Tariff Commission has laid bare the extreme exaggeration which put it at 84,000 vehicles of all types in the near future. On a liberal reckoning the current demand is put at 20,000 which is unlikely to be pushed above 25,000 in the course of the next three years or thereabout. Domestic producers have to share this market with importers and it is easy to envisage how the shares, in effect, will be apportioned. The retrograde decision that has been taken to reduce the rate of the protective duty from an average of 63 per cent ad valorem for C K D pack to 40 per cent and similar drastic reduction in duty on parts and components, in the name of stimulating the market demand, has a poor chance to achieve the objective. Its decisive effect cannot but be to stimulate the competitive strength of imported vehicles and affect the home producers injuriously.

The gross under-utilisation of installed capacity by Indian automobile manufacturers will continue to operate as a drag on their pattern of production costs. Price comparisons between Indian-made motor vehicles and imported vehicles have proved well-nigh impossible. On the Tariff Commission's own showing its estimate of a price of Rs. 6,081 for Hindustan 14 on the basis of the c.i.f. price, customs duty and price of tyres and tubes excludes important ingredients of cost like manufacturing expenses, interest on working capital, return on block, depreciation, and so forth, to arrive at an assessment of a fair ex-factory price. The excess of the indigenous cost of manufacture of components over the cost in the U.K. or the U.S.A. is not amenable to any rough estimation. Certain elements of higher cost including the cost of plant, equipment, machinery, imported raw materials and technical services, to mention the chief among them, leave no doubt about the competitive disadvantage which the early stage of development will entail.

The major solution to rectify this weakness lies in reducing the disparity between capacity and output. The gains of reduction in cost must be sought in expanding the volume of demand and this objective ought to be secured in sales in the internal market when the position of the home industry must be consolidated first.

The hard core of the demand for the product of the industry in the country, as in most other manufacturing countries, must be built inside the home market. In the near context, it dictates the need to reduce financial burdens and policies that depress the growth of motor transport and the demand for vehicles. The relief through a reasonable reduction in motor vehicle taxation is unlikely to materialise perhaps even after the Taxation Inquiry Commission's report which is the latest limit of postponement now pleaded by the State Governments. The real difficulty consists in the ability of these Governments to take a long-range view of a lower tax policy on road transport development. The strain involved in sacrificing revenue may be ap-

preciated in some measure. There is no absolute element of intransigence in this specific issue. But the same appreciation cannot be conceded to the studied disregard which the State Governments have shown to the demand for postponement of any more nationalisation of motor transport services for at least a decade and a half, for the imperative necessity of supplementing the serious shortage in railway transport capacity. It serves at present as a deterrent to further initiative of private road operators to expand their business.

The pressure of events can be relied upon to exert a persuasive influence on official policy. While the current restrictive policies on motor transport are being prolonged, the present phase of indecision cannot be continued long. The compelling necessity of liberalising the policies will be recognised by the State Governments sooner rather than later. But it need not stay the hands of automobile manufacturers. This hurdle of high cost, arising out of serious underutilisation of capacity, must be crossed and this is primarily the function of the industry. It owes an obligation to itself to show greater initiative and enterprise in terms of a bold programme of expansion. The outlook for the Indian automobile industry to export its products even in the neighbouring countries of S.-E. Asia, despite the advantage of freight cost, is bleak for the present. To take the typical example of an adjacent country, the average price of a vehicle in Ceylon on c.i.f. basis registered an impressive decline from Rs. 6,375 in 1953 to Rs. 5,550 in the last quarter of 1953. The Tariff Commission's estimate of the price of an Indian car, to which reference has been made earlier, shows the margin of excess over the price offered by other exporting countries. One of the major secrets of the U.K. automobile industry in pushing up its sales overseas last year was an attractive reduction in export prices. Schemes for the expansion of the industry in the U.S., the U.K. and other main producing countries in the current year are evidence of a bid to cut prices. In this situation, palliatives like drawback of import duty on components and raw materials used in vehicles for export are unlikely to inject appreciable competitive strength in the industry. The Indian automobile industry has to fight its initial battle for expanded output on the home front.

1954 Edition

JUST PUBLISHED !

The 40th Edition of **THE INVESTOR'S INDIA YEAR-BOOK**, compiled by Place, Siddons & Gough—affectionately and compendiously known in the Stock Exchange World as "P.S.G.'s YEAR-BOOK"

". . . bound to be valuable to all operators in shares."
—*The Hindu.*

". . . the most exhaustive and dependable guide. . ."
—*The Statesman.*

A special feature of this edition is that it has been flag-indexed.

Rs 20|- postage & packing extra.

Available from your booksellers or, in case of difficulty write to:—

ORIENT LONGMANS

17, Chittaranjan Avenue, Calcutta-13.

P.O. Box 704, Bombay: P.O. Box 310, Madras.

IN BIHAR

It's THE SEARCHLIGHT & PRADEEP

For years advertisers have consistently used the columns of THE SEARCHLIGHT (English Daily) and PRADEEP (Hindi Daily) to sell their products in Bihar. The reason is simple : no other paper can give such satisfactory coverage of the territory as THE SEARCHLIGHT and PRADEEP.

And Remember:

Bihar is becoming an increasingly prosperous market. The Five-Year Plan has allotted a sum of Rs. 57.79 crores for the development and improvement of the State's agriculture and irrigation, transport and social services. The efforts to raise the standard of living of the people are already bearing fruit. In Bihar, more and more goods and services are in demand now—a demand that will continue to increase every day. That's why *more* advertisers are today using *more* space in THE SEARCHLIGHT and PRADEEP than any time in the past.

CASH IN ON THE RISING BIHAR MARKET

Advertise

in

THE SEARCHLIGHT & PRADEEP

(English Daily) PATNA (Hindi Daily)

THE EASTERN ECONOMIST
PUBLICATIONS

		PRICE Rs.	As.	Ps.
1.	The Economic Progress of Russia, 1860-1948 by E. P. W. da Costa ..	1	8	0
2.	India's Foreign Trade: Part I by L. K. Jha	1	8	0
3.	India's Foreign Trade: Part II by L. K. Jha	1	0	0
4.	The Welfare State by T. W. Kent	1	0	0
5.	Foreign Capital in India by Taya Zinkin	1	8	0
6.	Industrial Labour in India by Dr. N. Das	1	0	0
7.	Japan's Post-War Industrial Recovery by Sherwood Fine	1	8	0
8.	Radical Humanism by M. N. Roy	1	8	0
9.	What Goes on in the U.S.S.R.? by "Odysseus"	1	4	0
10.	Communism and India by Philip Spratt	1	8	0
11.	India and The Free World	0	8	0
12.	India's Food Problem by P. A. Gopalakrishnan	1	4	0
13.	A Programme of National Education for India by Humayun Kabir ..	0	8	0
14.	Deficit Financing, Capital Formation and Price Behaviour in an Under-Developed Economy by V. K. R. V. Rao	1	8	0
15.	Men Without Work by Dr. N. Das	1	0	0
16.	Sea Power in the Indian Ocean by C. S. Venkatachar	0	8	0

PAMPHLETS IN PRESS:

(i) Gold and Its Price by Arthur Taylor
(ii) Goods Traffic and Nation Income by B. T. Vagh.
(iii) The Dollar Problem by Sir Donald MacDougall.

ANNUAL NUMBERS

1.	India 1900-1950 and India in 1949	5	0	0
2.	India and the World and India in 1950	5	0	0
3.	"A Social History of the Indian People" and India in 1951	5	0	0
4.	"India and the Free World" and India in 1952	5	0	0
5.	"India in Asia" and India in 1953	5	0	0

The Eastern Economist makes a special offer

(a) Any set of publications of value Rs. 6 can be had for Rs. 5.

(b) Any set of publications of value Rs. 10 can be had for Rs. 8.

POSTAGE EXTRA

Special Enquries to:-

The Manager

The Eastern Economist Ltd.

52, Queensway, New Delhi

THE BUSINESS WORLD

REPORT ON SMALL INDUSTRIES

The report on the small industries of India, which has just been produced by the International Planning Team sponsored by the Ford Foundation, illustrates the extreme complexity of the problems to be tackled. On two points, the report is categorical. Rationalisation is recommended whatever it may cost, and a "challenging public works programme" is to take care of the undesirable consequences, if any. Bonus is frowned upon at the same time. Mr. Stevens, who is responsible for this part of the report, says:

"Indian industry needs to be set free from those restrictions supported by legislation and regulations which are illogical. One such illogical practice is the bonus. As the bonus system operates, it prevents the determination of liabilities until a long time has passed. No man, family, institution or government can soundly finance itself under such a system. Nor can it plan for the future or the present."

Other matters which are stressed indirectly in the report are the importance of co-operation, the potential growth of markets both at home and abroad, and uniform quality. The team has obviously been impressed by the results achieved in the co-operative spinning mill at Guntakal (another one in Tirunelveli is being established by the All-India Handloom Board). As to quality, there will be little reason to despair in the future, for once a continuous stream of orders can be established, the products are bound to create their own markets, for Indian handicrafts, inadequately advertised at present, are attractive and occasionally even unique. Indeed, the joint introductory chapter points out that "even under adverse conditions, many workers have developed amazing skills, remarkable agility, initiative and precision. As individual virtuosi they are admirable."

For the rest, the report confines itself more or less to proposing a series of corporations.

The organisation projected is more or less as follows:

(i) Four regional institutes of technology for small industry, providing refresher courses, an information and consultation service, and improving methods of production through mobile demonstration units and travelling industrial extension workers. These institutes are also to provide market news surveys.

(ii) A national school of design which will also organise exhibitions and information services.

(iii) A customers' service corporation, which would work on the basis of fees and commission charges levied on Indian and foreign business concerns and may be expected to adjust production to demand.

(iv) Two export development offices, one in North America and one in Europe, intended to stimulate foreign trade in handicrafts and artcrafts.

(iv) A plant for the purpose of production and training, which is to demonstrate improved methods of production. Initially, the production of diesel engines is recommended in order to make power available.

(vi) A small industries corporation which is to have powers to divert at least twenty-five per cent of government purchases towards small industry, provided prices are reasonable. This corporation is to have the authority to sub-contract its orders, to loan funds against the orders placed, to advise as to the choice of tools by the units with whom it places the orders, and to inspect the goods produced, and

(vii) A marketing service corporation which is to perform functions similar to those of the customers' service corporation.

The framework, it will be seen, is elaborate. The bias of the International Planning Team is in favour of running all these organisations, at least on a basis of no profit and no loss. The administrative problems involved can easily be imagined.

The basic problems of small industry in India cannot be solved by a mere administrative reorganisation and it is the fault of the report, perhaps, that it does not emphasise this adequately. Only two out of the seven organisations mentioned above are likely to provide a new service, and these are the customers' service corporation and the small industries corporation. These will serve to establish contacts and promote the links between producers and the ultimate consumers, to define the government's purchasing policy, and to enhance the credit which is now available to small industry. Perhaps, the establishment of these two organisations, in so far as industries other than handlooms are concerned, will be considered. The recent report of the All-India Handloom Board reveals the fact that already, adequate action is being taken by the Board itself.

THE
HIND
BANK
LTD.
9, ROYAL EXCHANGE PLACE, CALCUTTA.

FOR COMPLETE BANKING SERVICE

SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 22,00,000

Connections in all principal centres of the world

Chairman
Mr. K. P. GOENKA
General Manager
Mr. S. D. PARDIWALLA.

NEW INDIA STORIES FROM LIFE 1

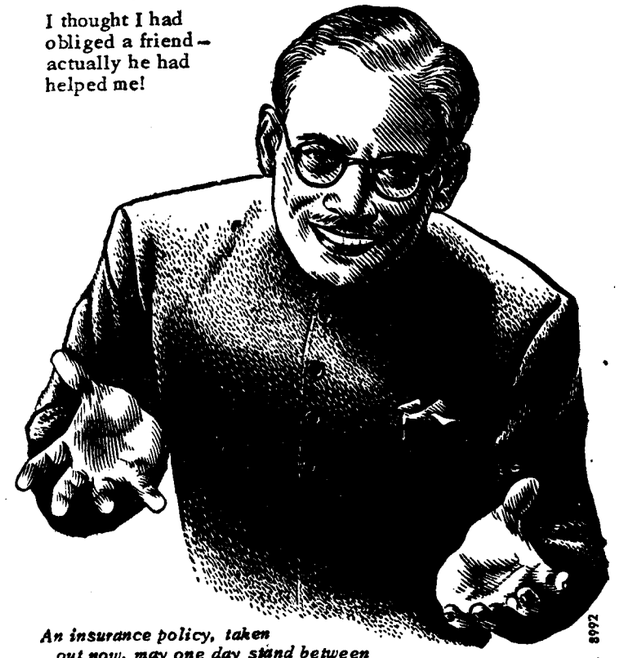
'My good turn helped me most'

MY FRIEND'S son came to sell me insurance. My business was doing well, and I thought I did not need any. But the boy was so young and enthusiastic, that just to encourage him and please his father, I agreed to take out a policy.

Some years later, business slackened and everything I touched seemed to fail. My business took some hard knocks; and my partner got too ill to share my problems. I had to reorganise, but where was the necessary capital to come from? The only solution was to sell our house—and it was my wife's pride and joy.

Then my young friend dropped in to remind me that my New India Endowment Assurance policy would mature shortly. What a wonderful relief! I would get the money I sorely needed at exactly the right time.

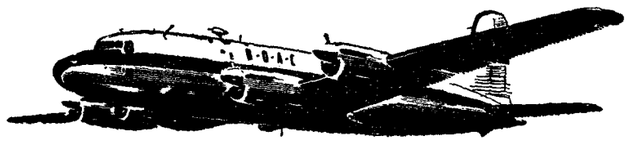
I thought I had obliged a friend—actually he had helped me!



An insurance policy, taken out now, may one day stand between you and disaster. For full information write to

NI. 8992

THE NEW INDIA ASSURANCE CO. LTD.,
Mahatma Gandhi Road, Bombay 1.



SAVE RS 720

BY B.O.A.C. TOURIST SERVICES

TO TOKYO

Fly Tourist to Tokyo and save time and money. Same high B.O.A.C. standards. Fully pressurized 4-engined airliners. Skilled B.O.A.C. flight crews. Complimentary meals. Bar service. Prompt, courteous attention ; no tips. Liberal stop-over privileges... all this and big savings too.

From DELHI	STANDARD Return Fare	TOURIST Return Fare	SAVINGS
To BANGKOK	Rs. 1,260	Rs. 1,008	Rs. 252
„ HONGKONG	Rs. 2,114	Rs. 1,682	Rs. 432
„ TOKYO	Rs. 3,626	Rs. 2,906	Rs. 720

Consult your Travel Agent or B.O.A.C., Speedbird House, Service Rd., Connaught Place, New Delhi 1. Phone: 43978, 44234, 45085 & 47356

B.O.A.C. TAKES GOOD CARE OF YOU

FLY B·O·A·C

BRITISH OVERSEAS AIRWAYS CORPORATION

BUSINESS NOTES

SUGARCANE YIELD

Last week two remedies were advocated for increasing the supply of cane to sugar mills since it is beyond dispute that one of the causes of the decline in sugar output and the consequent need to import sugar at high cost is the inadequate supply of cane to factories. A memorandum under the signatures of 53 M.Ps. presented to the Prime Minister on behalf of the opposition parties and groups urges reversion of the price of sugarcane at Rs. 1-12 per maund as in 1952. This price is recommended as ensuring a reasonable remuneration to the grower side by side with a return which the factories obtained from an ex-factory price of Rs. 31 per maund of sugar. In the interest of stability and confidence, so the memorandum pleads, the price policy should be fixed for a period of five years and a formula or mechanism should be evolved for the determination of the grower's share in "excess" profits. The memorandum pins its faith on a higher monetary return doing the trick of increasing the supply of cane and further affirms that higher returns would provide incentive to the grower to invest in better methods of cultivation and research as in the past. It would be interesting to know the concrete evidence of facts on which this last claim has been advanced.

The impact of reasonable and adequate price on the acreage under cultivation need not be denied. But there can be no absolute standard for cane price and the relative level must be left to determination in accordance with all the other ingredients of the situation. One basic aspect of the sugar industry—low yield of cane per acre—is being ignored in the heat of this controversy. Recent experience has brought home the truth of a disturbing drop in the yield of cane in the major producing States of U.P. and Bihar as also in Punjab. The magnitude of the decline cannot brook delay in measures to arrest it and it is precisely this new trend which the Union Food and Agriculture Ministry has set about to rectify. The campaign which is to be started on June 1, initially in these three States, to increase the yield of cane is a correct remedy that is being applied to the deteriorating supply of cane. U.P., Bihar and Punjab are to be allotted additional quantities of fertilizers for a target area of one lakh acres in each of the first two States and 20 thousand acres in the last. The propaganda for popularisation of ammonium sulphate is to take the form of distribution of 23,000 maunds of this fertilizers to selected cane growers in these three States for demonstration on 10,000 acres. Another essential part of the campaign is explaining the technique of better cane production. In essence, the campaign lays stress on intensive cultivation for quantitative improvement. It is problematical to what extent improvement will be secured in the sucrose content of cane which is a major weak spot in production.

WORLD COTTON EXPORTS

The review of world cotton exports and consumption made by the International Cotton Advisory Committee this month is inclined to take an optimistic view of the prospect. As for consumption, its general conclusion is that world cotton consumption in the current season 1953-54 is estimated to be at least equal to the level registered in 1950-51 and there are indications that it may even be higher. An idea of the expected volume of this year's consumption can be gathered from the figure of the free world's consumption in 1950-51 which is placed at 26.5 million bales.

But the Committee's forecast of the global trade in cotton is even more optimistic than that of consumption. In arriving at this confident estimate it emphasizes that the trend of export in certain countries in the first half of this year, August 1953 to January 1954, need not be interpreted as indicating the inevitable projection of trends in the remaining half. Exports from the United States in the first half of 1953-54 were lower by 213,000 bales than exports in the previous year. Other countries which had disclosed a decline in exports were Egypt 208,000 bales, India 109,000 bales, Pakistan 50,000 bales and Turkey 2,000 bales. If the U.S. is excluded, exports of all the countries put together were higher in the first six months of 1953-54 by 500,000 bales. But the total world excess in the same period is reduced by the quantity of decline in U.S. exports. Among the countries which made sizable contributions to larger exports in the first two quarters of the current season were those from Latin America. Brazil, for instance, pushed her shipments to a record figure of 630,000 bales. This gain was facilitated by her competitive price factor. Mexico increased her exports by 25,000 bales, and Peru by 15,000 bales. Sudan also had an increase of 152,000 bales.

The outlook for exports in the current half of the 1953-54 season points to a higher volume of trade for which the price factor will be largely responsible. Non-dollar cotton has become relatively smaller in supply and availability which has upset the price relationship between dollar and non-dollar cotton to the detriment of the latter. Even so, considerations of dollar exchange will have to be taken into account, but the U.S. agricultural trade mission which is at present touring different areas of the world will be in a position, by reason of its personal discussions, to find out ways and means to ease the nature of this problem where it hampers purchase of dollar cotton. An interesting part of this season's cotton export trade is the role of Russia. Up to the time of the Committee's review in May, Russia exported to Western Europe 150,000 bales of cotton.

EXPORT OF ORES

India's exportable surplus of mineral ores gives promise of making higher contribution to the export trade. Over the last three years there have been marked increases in the quantity as well as value of at least the staple ores in great demand overseas. To the lesser category belong such ores as chrome, gypsum, kaynite and silliminate. But to take the outstanding items, manganese ore and iron ore have an important part to play in the export trade. Between 1951 and 1953, exports of manganese ore improved from 1 million tons to 1.66 million tons, while iron ore shipments rose from a little below 0.2 million tons to 1 million tons. In terms of value, the exports of the two ores brought earnings of Rs. 26 crores and Rs. 6 crores respectively in 1953.

The allotment of export quotas in respect of manganese ore and iron ore and the state of clearance of the licences issued explain the trouble with the external trade in these two commodities. Quotas of manganese ore granted for the first quarter of 1954 were on the same basis as those for the fourth quarter of 1953. This latter basis was grant of quotas equal to 25 per cent of the best year's exports. For iron ore, a smaller quota of 20 per cent equal to the best year's export was prescribed. The period of validity of the quotas of these two ores of allotment of wagons had per force to be extended into the current quarter. For export through Madras port also, quotas had to be pegged at limits lower than what would have been imposed if there had existed no difficulties of wagon availability. The bulky nature of these commodities no doubt places strain on the transport capacity which is to be rationed among conflicting demands. But inadequacy of port facilities at Calcutta and Madras coupled with under-supply of wagons no doubt puts a brake on the speed of export commensurate with the quantities

permitted for shipments. The expansion projects have not ignored or underrated the importance of increasing port facilities and railway transport capacity. But the rate of relief is bound to try the patience of producers and traders. Emphasis needs to be laid on reducing the pressure of other traffic on wagon capacity by diverting part of it to the road services. Even then, the improvement will not be sufficient and so far as port capacity is concerned, it will remain unaffected by such diversion.

CEYLON ENHANCES TEA DUTY

The enhancement in the export duty on tea which has been announced by the Ceylon Government works approximately to 2¾d. per pound. The consensus in the overseas market and particularly in Mincing Lane appears to be that this increase was not totally surprising. The continuing pressure of demand gave an indication that a decision to increase the duty would not be altogether unexpected. The British reaction to this decision may be explained as analysed below.

If this issue is considered from another angle, the Ceylon Exchequer has apparent justification to adopt a measure which compensates for the loss of revenue caused by the abandonment of the sliding scale of duty. If that scale, which was related to the price level was in operation at present levels of prices which have been sustained at higher point, the actual duty now would have been higher than the new increased duty that has been introduced effective from May 14. The flat rate which substituted the sliding scale in October 1953, would no doubt prove conducive to stimulation of exports over a long period, but in taking benefit of the turn in the world tea supply position, the Exchequer has attempted to ease the strain on the budget. Currently, stocks held by blenders are low and with dim prospect of making substantial additions to them from North Indian supplies before the end of summer, there is no source so assured as Ceylon for a flow of shipment. The increase in duty has been timed with the special position which Ceylon enjoys for the time being as a supplier.

Ceylon tea has no doubt built a reputation for quality that has commanded a steady and high level of prices. But blenders have a much wider choice of supply now and it is in this context that the effects of the duty require to be assessed. In relation to the duty charged by every other exporting country, Ceylon's duty was more than 100 per cent higher. An addition to it cannot leave the competitive position of Ceylon teas absolutely free from adverse effects. The recent successive increases in the prices of tea at London have reduced the margin between wholesale and retail prices which would make it difficult for wholesalers to absorb the increased duty. Whether a combination is attempted to pass on the increase to the importer and the consumer, the incentive to search for other supplies may prove powerful. This long-range aspect is an important factor in assessing the effect of the decision to raise the duty.

PILOT TESTS IN COMMERCIAL AVIATION

The recent unfortunate occurrences of air accidents involving aircraft engaged in scheduled services suggested an inference that human judgment and the human element in general may be one cause contributing to the accidents. This inference cannot be sustained without weighty testimony and each case needs to be judged on its own facts. Nevertheless, the safety factor has a great psychological bearing on the travelling public's confidence in and preference for air travel. If, therefore, an assurance, warranted by sound investigation, is offered about the care and caution exercised in the engagement of pilots on the scheduled services, it would certainly be welcome. The Indian Airlines Corporation had appointed a panel of four expert pilots to conduct tests on the efficiency of its pilots and to report on the present position and on appropriate procedure needed for the future. The primary reason for the appointment of the panel to check the proficiency of pilots was laying down a uniform system of tests to replace the varying tests prescribed within permissible limits by the individual airlines before nationalisation. The accidents that occurred in the recent past did not prompt this check-up, but the ultimate and actual result would be conducive to reinforcing confidence in the system of selection of pilots. The panel's major finding to the effect that the standard of flying is uniformly high constitutes a tribute to the able manner in which civil aviation was organized and developed under the auspices of private enterprise. In all, 214 pilots were put under test in day-time and night flying.

The Press note issued by the Indian Airlines Corporation on this investigation gives scanty information. It is not clear whether the findings of the panel on the present state of pilots' tests disclose any drawbacks, but the tone of the note is to dispel any doubts on this point. Having taken greater precaution at the stage of grant of licences, the object is to secure continuous improvement and leave no room for deterioration. With this object in view the panel has urged that vigorous continuity training should be provided, refresher courses should be introduced and special courses should be prescribed in the case of commanders and co-pilots.

CANADA-JAPAN TRADE AGREEMENT

The conclusion of a bilateral trade agreement between Canada and Japan is an attempt to put the trade on a broad basis. This trade has assumed a new significance in recent years and promises to stay as part of their economies in the near future. The account for 1953 discloses that Japan has emerged as Canada's third biggest export market and from Japan's viewpoint Canada has become her one major source of supply of some of the food grains she badly requires. Export of wheat, barley and food products constituted over 60 per cent of Canada's aggregate shipments to Japan. In addition to these, iron ore and wood pulp are two basic industrial raw materials which Canada provides to Japan in substantial quantities. Japan's exports to Canada include semi-fabricated iron and steel, pottery and chinaware, toys and a range of engineering products. The trade account for 1953 shows Canada's exports valued at $119 million and imports valued at $13.6 million. So long as food and industrial raw materials dominate the composition of Japan's imports—and this is bound to continue in the coming years—Canada's trade surplus is expected to fluctuate in the neighbourhood of last year's figure of $105.4 million.

The terms of the bilateral agreement deserve brief reference. The two countries bind themselves to extend to each other the most-favoured nation treatment with respect to customs duty, internal taxes, allocation of foreign exchange and all regulations and formalities governing trade. They undertake to impose no discrimination on each other in regard to state trading practices. Both agree to abide by the internationally accepted fair trade practices. One important clause provides that the conditions of the agreement will continue to be applicable even after the General Agreement on Tariff and Trade is applied as between Canada and Japan. There will be no need, in view of this commitment, for negotiation on tariffs between the two countries when Japan is permitted to accede to G.A.T.T.

The reservations which have been inserted in the agreement need attention. Canada has reserved to herself the right to prescribe special values for the purpose of assessment of customs duty on such imports from Japan as are consigned in quantities large enough to affect domestic producers prejudicially or to threaten direct and serious competition with home products. The assessment of value of imports, however, will be related to the value of similar imports from other countries. It is obviously a safeguard against special export prices likely to be quoted. Discriminatory import or exchange restrictions may be applied by the parties on the ground of balance of payments position, but a rider is added to the reservation which lays down that such restrictions must not discriminate between Canada on the one hand and other dollar countries or countries with convertible currencies, on the other.

THE BANK AWARD

The decision of the Government of India to interpret its duty of considering the bank disputes award seriously, in the terms of Section 15 of the Industrial Disputes (Appellate Tribunal) Act, 1950, is undoubtedly a wise one. The precedent of staying the award for three months is one which Government would normally hesitate to create. But in this case, the following considerations had to be borne in mind,

(i) the implications of this award from the point of view of the insurance companies are almost as grave as they are for the banking industry,

(ii) the Government of India cannot be indifferent to the consequences of implementing the award as it stands, if banking offices are closed or if the reserves of banking companies are reduced.

The Tribunal, working within the framework of statutory labour law, was precluded from taking the public interest in the continued provision of cheap and adequate banking into account. The task of the Government of India in whittling down the award either permanently or temporarily so that the burden of extra cost is reasonable is not going to be easy. But if conciliation regarding pay scales can be arranged for even at this stage, and if further arbitration in respect of the unsettled issues is ruled out, a settlement by agreement will not be impossible, and both the banking and insurance industries will have cause to be satisfied with the final outcome.

PRIVATE CAPITAL EXPENDITURE IN U.S.—1954

The protracted controversy over the probability of recession in U.S. business and industry in the current year has at long last established the erroneous nature of the gloomy forecast on the issue. The consensus of informed opinion now is that all fears about the onslaught of recession in America from mid-1954 are misplaced and although a small decline in investment and business is likely in the current year as compared to the last, the prospect of recession cannot but recede. One more authoritative projection of estimate on this subject comes from the U.S. Department of Commerce and Securities and Exchange Commission. Their judgment is based on a study of corporate capital budgets.

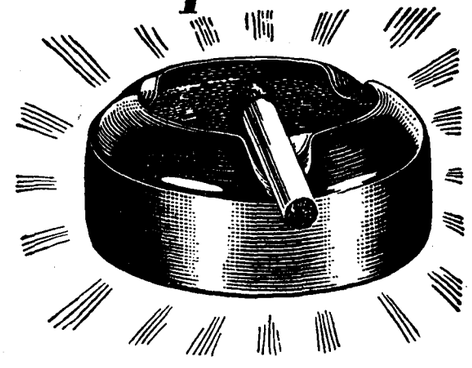
The extent of the decline in investment in new plant and equipment in 1954 as compared to 1953 is placed at $27.2 billion, which is equivalent to a decrease of 4 per cent. Manufacturers have budgeted for a reduction in capital expenditure of the order of 7 per cent which is briefly distributed in the proportions of a reduction of 10 per cent in durable goods industries and 4 per cent in non-durable goods industries. In the former category the large cut is to be applied to primary methods—about 25 per cent. An outstanding exception to the reduced investment in durable goods industries is the automobile industry where investment is to be stepped up by 20 per cent. In the non-durable group, textiles will decline in investment by 30 per cent and chemicals by 15 per cent relatively to 1953. But the exceptions here are noteworthy. Paper and rubber will remain unchanged, while investment in the petroleum industry will be higher by 4 per cent.

In the commercial group, however, modernisation of stores and construction of suburban shopping centres will contribute to an increase of investment by 3 per cent. Mining companies—gas and oil well drilling—will invest 3 per cent more and a similar increase will be witnessed in public utilities. Railroads, however, are a conspicuous illustration of a sizable decrease in capital outlay. The causes of this decrease bear mention. The programme of change-over from steam locomotives to diesel engines is now almost put through which fact explains the relative drop in investment. Another cause of smaller outlay on capital is that the recent trend in revenue does not warrant expanded investment. This tendency of revenue towards decline is in sympathy with the trend in several countries and it indicates that the peak of inflationary income has passed.

A shining Example

A little Brasso and a gentle rub will make your brass and copperware gleam. Brighten your home with Brasso.

Available either as a liquid or a paste



ABX-15

ATLANTIS (EAST) LIMITED P. O. Box 664 Calcutta



works wonders!



COMMODITY NEWS AND NOTES

FINAL ESTIMATES OF SESAMUM

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of sesamum (till or gingelly) for 1953-54 puts the current year's area and production at 6,132,000 acres and 531,000 tons respectively, as against 5,860,000 acres and 460,000 tons in the partially revised estimate of 1952-53, thereby showing an increase of 272,000 acres or 4.6 per cent in area and 71,000 tons or 15.4 per cent in production.

The increase in the current year's acreage under sesamum has been reported mainly by Madras, Rajasthan, Vindhya Pradesh, Saurashtra and Hyderabad and is due to favourable climatic conditions and adequate rainfall at the sowing time. This increase has, however, been offset, to some extent, by the decreases registered mainly in Uttar Pradesh, Bihar, Madhya Bharat and Andhra due to unfavourable weather conditions.

The increase in production has been shared mainly by Rajasthan, Madras, Bombay and Vindhya Pradesh, due partly to increase in acreage and partly to favourable weather conditions during the growing period of the crop. Some decreases in production have, however, occurred in Uttar Pradesh and Hyderabad.

The estimate includes information in respect of the second crop of sesamum also in Andhra, Madras, Hyderabad, Rajasthan, Saurashtra and Vindhya Pradesh besides the first crop for which estimates were given in the third estimate.

FINAL ESTIMATE OF KHARIF PULSES

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of kharif pulses, other than tur, for 1953-54 puts the current year's area and production at 14,652,000 acres and 1,475,000 tons as against the partially revised estimate of 13,395,000 acres and 1,115,000 tons for 1952-53. The current year's estimate, compared to the last year's, thus shows an increase of 1,257,000 acres or 9.4 per cent in area and 360,000 tons or 32.3 per cent in production.

The increase in area in the present estimate has occurred mainly in the case of 'other pulses' in Bombay, Mysore and Orissa and in the case of mung in Hyderabad due to timely rains at the time of sowing. This increase has, however, been offset to some extent by the decrease recorded in the case of kulthi in Bombay.

The increase in production has occurred mainly in the case of 'other pulses' in Bombay and Rajasthan and in the case of mung in Hyderabad, due partly to increase in acreage and partly to favourable seasonal conditions.

Some of the pulses included in this estimate are also grown as rabi crops in some States. Kharif pulses, however, cover nearly 60 per cent of the total area under all the pulses. During the rabi season, the climatic conditions have generally been favourable. The final estimate of the different pulses included in this estimate will, therefore, be released when estimates for rabi pulses are also available.

This estimate includes, for the first time, estimates in respect of Mysore State, accounting for an area of 647,000 acres and production of 56,000 tons during 1953-54.

FINAL ESTIMATE OF DRY GINGER

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of dry ginger (Zingiber Officinale) for 1953-54 puts the current year's area and production at 47,232 acres and 14,601 tons, as against the partially revised estimate of 45,563 acres and 13,634 tons for 1952-53. The current year's estimate, compared to last year's, thus shows an increase of 1,667 acres or 3.7 per cent in area and 967 tons or 7.1 per cent in production.

This crop is mainly grown in Bombay, Madras, Orissa, West Bengal, Hyderabad, Travancore-Cochin and Himachal Pradesh. The increase in acreage under the crop during the current year has been shared mainly by Madras, Mysore, Vindhya Pradesh and Bombay and is due to favourable climatic conditions at the sowing time. This increase has, however, been offset, to some extent, by the decreases reported mainly by Himachal Pradesh, Bhopal and P.E.P.S.U.

The increase in production has occurred mainly in Madras, Madhya Bharat, Mysore and Himachal Pradesh and is due to favourable weather conditions during the growing period of the crop.

IMPORT OF SODA ASH

In view of the complaints voiced at the meeting of the Import Advisory Council about the high prices ruling in the country for soda ash and difficulties in obtaining supplies, Government have reviewed the stock position of soda ash and have decided to issue supplementary licences to established importers equal to 15 per cent of half their best year's imports for immediate shipment. These licences will have a short period of validity which will run up to 15th July, 1954.

RECORD RUBBER CONSUMPTION IN INDIA

Rubber consumption in India established a new record in March, 1954, amounting to 2,360 tons as compared with 1,972 tons in the previous month.

Production, however, lagged behind consumption, and totalled 1,220 tons as against 406 tons in February. The rubber stocks declined to 6,500 tons at the end of March, a fall of 1,138 tons over February's figures.

While stocks with manufacturers showed slight improvement from 2,881 tons at the end of February to 2,968 tons at the end of March, those with estates and dealers fell sharply by 997 tons to 2,743 tons. Stocks in transit were also lower at 789 tons as against 1,017 tons in March.

RECORD U.K. STEEL OUTPUT IN APRIL

The British Iron and Steel Board announces that U.K. steel production in April averaged 368,400 tons a week and exceeded the previous highest output of 364,800 tons a week achieved in March this year.

The announcement says: "This high rate of production has been achieved in spite of the effect in certain districts of the Easter holiday". Pig-iron production averaged 232,100 tons a week, which is 1,200 tons a week higher than in March this year, the previous best month.

PAKISTAN'S FOURTH RICE CROP ESTIMATE

The fourth forecast of the area under the rice crop for the year 1953-54 is 24,533,000 acres as against 23,015,000 acres reported in the fourth forecast of the previous year, and shows an increase of 6.6 per cent. The acreage reported in the final forecast of last year was 23,016,000 acres.

With the exception of the N.-W. F. Province, there has been a general increase in the acreage of this crop throughout Pakistan, which is due partly to favourable weather conditions and sufficient supply of water at the time of sowing and partly to high prices of rice and the Grow More Food Campaign. By far the largest increase has occurred in East Bengal which is mainly due to favourable weather conditions and the reduction in the area under jute cultivation.

COMPANY AFFAIRS

THE HOOGLY FLOUR MILLS CO., LTD.

The report for the half-year ended December 31, 1953, of The Hoogly Flour Mills Co., Ltd. (Managing Agents: Shaw Wallace & Co., Ltd.) discloses a profit of Rs. 92,642, after allowing Rs. 33,783 for taxation and including Rs. 24,657 brought forward from the previous half-year. Of this amount, the directors have recommended the payment of a dividend at the rate of 25 per cent per annum, free of income-tax, absorbing Rs. 75,000, leaving Rs. 17,642 to be carried forward. The results, considering the severe competition and the fact that high priced imported Flour has to be purchased in order to obtain Wheat. have been satisfactory. Rs. 30,111 was provided for Depreciation. The amount written off Investments was Rs. 4,000. Profit on Sale of Investments and Profit on Sale of Assets were Rs. 8,236 and Rs. 950 respectively.

THE KARANPURA DEVELOPMENT CO., LTD.

The audited accounts of The Karanpura Development Co., Ltd. (Managing Agents: Bird and Co., Ltd.) for the half-year ended December 31, 1953, show in the Profit and Loss Account, after providing Rs. 8,059 for Depreciation and transferring Rs. 31,500 to Bad and Doubtful Debts Reserve, a balance of Rs. 18,034 to be carried down to Profit and Loss Appropriation Account. Rs. 98,514 were transferred from General Reserve to the Credit of Profit and Loss Appropriation Account and the sum of Rs. 1,32,500 taken to Provision for Taxation to additional Income and Super-Tax raised on the Company. The sum of Rs. 72,147 brought forward from the last half-year notwithstanding, an available balance of Rs. 20,127 will be carried forward. A total of 399,107 tons of coal was raised and 376,337 tons despatched from Argada, Bhurkunda, Lapanga, Religara, Saunda 'C', Sirka, Saunda 'D', West Sirka, and Sayal 'B' and 'C' properties. No dividend has been recommended for payment on the advice of the Company's lawyers, nor have the Managing Agents drawn their commission.

THE BENGAL FLOUR MILLS CO., LTD.

The audited accounts of the Bengal Flour Mills Co., Ltd. (Managing Agents: Balmer Lawrie & Co., Ltd., for the half-year ended December 31, 1953, show Profit for the half-year, after providing for Taxation and Depreciation, at Rs. 241,102-10-7 to which were added items relating to previous half-years at Rs. 1,706-6-9 and the balance brought forward Rs. 35,085-12-8 totalling Rs. 2,77,894-14-0. From this sum the Directors have transferred Rs. 100,000 to General Reserve, leaving a balance of Rs. 177,894-14-0 which has been distributed as dividend on 120,000 shares at 17½ per cent per annum (Rs. 105,000) the residue of Rs. 72,894-14-0 to be carried forward. The changeover to electrification has proved economical, and shown a more constant output. The provision for Taxation was Rs. 130,903-11-0 and that for Depreciation Rs. 100,722-1-2.

BENGAL PAPER MILLS CO., LTD.

The Directors' report of the Bengal Paper Mills Co., Ltd. (Managing Agents: Balmer Lawrie & Co., Ltd.) for the half-year ended December 31, 1953, discloses a Profit for the half-year after providing Rs. 433,927-6-0 for Block Depreciation and Debenture Interest of Rs. 11,036-4-0, at Rs. 878,874-13-2, to which was added the balance brought forward of Rs. 23,669-6-6 totalling Rs. 902,544-3-8. Of this amount the Directors have transferred Rs. 400,000 to General Reserve, and the balance of Rs. 502,544-3-8 has been recommended for distribution as dividend on Cumulative Preference Shares at 7 per cent, Income Tax free (Rs. 7,000); on "A" Cumulative Preference Shares at 7 per cent, Income Tax free (Rs. 14,000); on "B" Cumulative Redeemable Preference Shares at 6 per cent, subject to deduction of Indian Income Tax (Rs. 60,000); and on Ordinary Shares at 12½ per cent, free of Income Tax (Rs. 281,250). The balance of Rs. 140,290-3-8 is proposed to be carried forward. Contrary to usual practice no taxation provision or appropriation to Tax Contingency Reserve has been made out of Profits. The good results are due to record production in this period. The strike cost the Company approximately Rs. 14 lakhs ignoring loss and profits.

THE SHIVRAJPUR SYNDICATE LIMITED

The Directors' Annual Report for the year ended November 30, 1953, marks the 50th Report and celebrates the Golden Jubilee Year of the Syndicate. The Trading Profits for the year amounted to Rs. 3,347,279 after deducting Depreciation of Rs. 232,341; to which is added Rs. 5,113, being profit on sale of assets and Rs. 13,913 being the balance brought forward from last year's Accounts. The sum of Rs. 16 was adjusted in respect of over-provision to Dividend and Bonus last year. Rs. 1,126,000 were provided for Income and Super Tax; Rs. 3,665 set aside for the Workmen's Compensation Reserve; Rs. 702,522 to Staff Welfare Reserve; Rs. 592,000 to Mine Development and Prospecting Reserve; Rs. 50,000 to General Reserve; Rs. 200,000 to Equalisation of Dividends Reserve; and Rs. 100,000 to Retiring Gratuities Reserve. The balance of Rs. 592,118 has been recommended for appropriation as Dividend at Rs. 5 per share, free of Income Tax (proportionately on new shares) at Rs. 349,850; payment of a bonus at the rate of Rs. 3 per share, Income Tax free proportionately on new shares at Rs. 209,910; leaving a balance of Rs. 32,358 to be carried forward.

Output during the year amounted to 100,347 tons as against 81,232 tons in 1951-52. Considerable development work has been planned, and the scheme for the conversion of the D.C. power plant to A.C. has made substantial progress. A number of buildings were constructed during the year; more residential, club-house and dispensary accommodation is under construction.

GODFREY PHILIPPS, INDIA, LTD.

The Directors' report of Godfrey Philipps, India, Ltd., to the shareholders for the year ended December 31, 1953, shows a net profit after provision for taxation, depreciation and all other charges of Rs. 996,198. The balance brought forward from the previous year less the Short Provision for bonus in the year 1953 stood at Rs. 1,281,447. Provision for Taxation no longer required was Rs. 247,368. The sum of Rs. 100,000 was transferred to Rehabilitation and Replacement Reserve and Rs. 60,000 for Gratuities totalling Rs. 160,000 transferred to Reserves. From the remaining amount are recommended a Dividend on the Preference Shares at 5½ per cent subject to Tax (Rs. 121,688) and Dividend on Ordinary Shares at 17½ per cent per annum (Rs. 700,000) making a total of Rs. 821,688 and leaving a balance of Rs. 1,543,326 to be carried forward to the next year.

Net Profit after provision for taxation, depreciation, etc.	Rs.	996,198
Balance from last year less short provision for bonus in year 1952 ..	„	1,281,447
Provision for taxation no longer required	„	247,369
	Rs.	2,525,014
Transfers to Reserves	Rs.	160,000
Dividends to be paid on Preference and Ordinary Shares	„	821,688
Balance to be carried forward to next year	„	1,543,326

THE INDIAN STOCK EXCHANGE

The Sixteenth Annual Report of the Indian Stock Exchange shows satisfactory progress during the year ended December 31, 1953. Income and Expenditure Account shows a surplus of Rs. 30,194-7-5 for the year subject to income tax liability for the two accounting years 1952 and 1953. The number of members increased from 297 to 298 at the beginning of the year. Associate membership fell to 521 on account of 57 deaths or resignations or default or termination. The Interest earned on Fixed and Call Deposits was Rs. 9,563-1-0; on Debentures (Net) Rs. 5,084-1-2; on Government Securities (Net) Rs. 5,314,10-0; on Bank Current Accounts Rs. 72-12-0 and Dividend on Shares Rs. 11,120.

THE PULLANGODE RUBBER AND PRODUCE CO., LTD.

The Audited Accounts of the Pullangode & Produce Co., Ltd., (Managing Agents: Aspinwall & Co., Ltd.) for the year 1953-54 as at March 31, 1954, disclose a net profit for the year at Rs. 187,688-14-4 as against Rs. 305,312-13-3 for the previous year. Rs. 92,064-1-11 brought forward from the previous year and the Preference Dividend deducted leave a balance in Profit and Loss Account amounting to Rs. 270,753-0-3 which is recommended to be disposed of by payment of a first and final Dividend at 15 per cent on Ordinary Share Capital (Rs. 165,000), transfer to Rubber Rehabilitation Reserve (Rs. 42,500) and carrying forward the residue of Rs. 63,253-0-3. The amount allotted for Depreciation is Rs. 19,257-15-9. The expectation that the Madras Government will introduce Agricultural Income Tax on Plantations, has made the Auditors recommend the reserve of Rs. 86,850 in the Accounts and to cover the Company against its levy, on the basis of the existing enactment in Travancore-Cochin. The total provision for tax is, therefore, Rs. 91,400.

The figures given below outline the working in the last two years

(Expenditure in Cents per lb.)

	Crops in lbs.	Estate Expenditure	All-in Cost	Average Sale Price	Net Profit
1952-53	606,000	67.90	77.75	126.26	50.38
1953-54	605,000	73.19	98.53	126.65	31.01

AHMEDABAD MANUFACTURING AND CALICO PRINTING CO., LTD.

The Directors' Report for the year ended December 31, 1953, for the Ahmedabad Manufacturing & Calico Printing Co., Ltd. (Agents: Karamchand Premchand, Ltd.) disclose that Rs. 7,118,203 of 1953 are available for appropriation, which together with Rs. 2,219,005 brought forward from the last year's account amount to Rs. 9,337,208. The Directors have transferred Rs. 3,500,000 to Depreciation Fund; Rs. 1,500,000 to Fund for Payment for Taxes on Income; Rs. 50,000 to Contingency Reserve Fund and Rs. 3,822-5-0 paid as Donations are debited in the Profit and Loss Appropriation Account. The Directors recommend a Dividend on 'A' Cumulative First Preference Shares at 4½ per cent on 1,600 shares Income Tax free (Rs. 9,000); on Diamond Jubilee Cumulative Second Preference Shares at 4½ per cent on 16,000 shares subject to Income Tax (Rs. 36,000); on Cumulative Third Preference Shares at 4½ per cent on 38,666-2/3 shares subject to Income Tax (Rs. 87,000) and Payment of Final Dividend of Rs. 10 per share on 100,000 Ordinary Shares free of Income Tax, together with the Interim Dividend at Rs. 8 per share (Rs. 1,800,000). The residue of Rs. 2,351,386 is proposed to be carried forward. Buildings, Plant and Machinery have been insured against fire and stock-in-trade and stores against fire and riot-risks.

CANARA BANK LIMITED

The Forty-eighth Annual Report of the Canara Bank Limited for the year ended December 31, 1953, discloses the transfer of Rs. 250,000 out of the profits of the year to the Reserve Fund, leaving Rs. 626,541-10-1 for distribution, including Rs. 9,417-4-5 brought forward from the previous year. Of this sum the Directors have allocated Rs. 340,000 as provision for Income-Tax; Rs. 85,000 for payment of bonus to staff. Rs. 52,500 is to be paid as Dividend to Reference Shareholders, and out of the balance it is recommended that an Income Tax free Dividend at 9 per cent per annum be paid on Ordinary Shares absorbing Rs. 135,000; the residue of Rs. 14,041-10-1 is to be carried forward. In the course of the year a sum of Rs. 200,000 was transferred from internal reserves, no longer required, to the Reserve Fund of the Bank, which now amounts to Rs. 2,100,000. The opening of the Foreign Department has made it possible to provide foreign banking service to customers through agencies arranged in some important countries. Two branches were opened during the year, and the permission of the Reserve Bank Bank of India has been obtained to shift the principal Administrative Departments of the H.O. to Bangalore, from Mangalore where the Registered Office will remain.

THE MALABAR SPINNING AND WEAVING CO., LTD.

The Annual Report by the Directors of The Malabar Spinning and Weaving Co., Ltd., for the year ended December 31, 1953, shows the year's working actually resulted in a net loss of Rs. 43,961-14-6 after writing off Depreciation at Rs. 49,379. On account of the refund of Excess Profits Tax by the Government at Rs. 132,649-8-0, however, the Profit and Loss Account discloses a profit of Rs. 88,687-9-6. Deducting the net loss of Rs. 22,589-9-11 brought forward from the previous year, the balance at credit of the Profit and Loss Account is Rs. 66,097-15-7. The loss in working is ascribed to the comparatively low prices obtained for yarn, particularly in the latter part of the year. A dividend of Rs. 8 per share i.e. 4 per cent, free of Income Tax has been proposed, the balance to be carried forward to the next year.

KHAS SHAMPORE COAL CO., LTD.

The Directors' report of the Khas Shampore Coal Co., Ltd. (Managing Agents: Ram Saran Das & Rathor, Ltd.) for the half-year ended October 31, 1953 shows a deficit of Rs. 25,138-3-9, against which the credit balance of Rs. 9,837-7-8 brought forward from th previous half-year leaves a balance of Rs. 15,300-12-1 at the Debit of the Profit and Loss Account which the Directors recommend to be carried over to the next half-year. Raisings and despatches during the half-year were 17,463 tons and 15,818 tons respectively as compared with 19,628 tons and 16,503 tons respectively during the previous half-year. Underground mining operations faced heavy expenditure as a result of having unexpectedly to face a big dyke, resulting in poor returns. Provision for depreciation during the half-year amounted to Rs. 17,841-2-9.

THE TATA IRON AND STEEL COMPANY, LIMITED

NOTICE

The Transfer Books of the Company will be closed from Monday, the 28th June to Thursday, the 22nd July, 1954, both days inclusive.

The dividends for the year ended 31st March, 1954, when sanctioned, will be made payable to those shareholders whose names stand on the Share Registers of the Company, on Thursday, the 22nd July, 1954.

By Order of the Directors

TATA INDUSTRIES, LIMITED, MANAGING AGENTS,

J. D. CHOKSI
Director.

BOMBAY, 27th May, 1954.

MAGAZINES

AMERICAN, BRITISH, INDIAN SUBSCRIPTIONS—RENEWALS

Reader's Digest ..	Rs.	17-12	
Life	„	27-8	
Time	„	42-8	
Coronet	„	14-8	
National Geographical	„	33-12	
Better Homes and Gardens	„	24-0	
Saturday Evening Post	„	53-0	
Eastern Economist Inland	„	50-0	Foreign Rs. 66-0
Economist	„	45-0	
Mercantile Guardian ..	„	12-0	
Efficiency Magazine ..	„	9-12	
Housewife	„	18-12	
Seventeen	„	24-0	
Vogue (Br.)	„	34-8	
Indian Review ..	„	6-0	
Indian Finance ..	„	48-0	
Aryan Path	„	6-0	

Write for our detailed catalogue listing over 2,000 magazines.

SPECIAL PREMIUM OFFER OF FREE BOOK FOR ORDERS Over Rs. 39/-

Lists of Technical, Legal, Medical and General books and magazines will be gladly sent on request.
All orders are handled PROMPTLY.

INTERNATIONAL BOOK HOUSE LTD.

Head Office:
9, Ash Lane, Near Air India, Bombay-1.
Branch:
1, N. Public Square Road, Basavaugudi, Bangalore-4.

THE UNITED COMMERCIAL BANK LTD.

Head Office : CALCUTTA.

PAID-UP CAPITAL : Rs. 2 CRORES.
RESERVE FUND : Rs. 80 LACS.

FOREIGN BRANCHES :
IN PAKISTAN : Chittagong, Karachi.
IN BURMA : Rangoon, Moulmein, Akyab, Mandalay, Bassein.
IN MALAYA : Singapore, Penang.
IN UNITED KINGDOM : London.
ALSO AT : Pondicherry, Hongkong.

Agents throughout the world.
All Types of Banking business transacted.

G. D. BIRLA
Chairman.
B. T. THAKUR
General Manager.

INVEST IN OUR 3-YEAR *Cash Certificates*

ASP UC-3/54



In these **Deep Groove Ball Journal Bearings** the points of contact lie between the balls and tracks, perpendicular to the axis of rotation. The balls run in deep grooves which afford maximum support and are as large as possible, consistent with the sturdy race section. The curvature of the ball track is the result of wide experience and exhaustive experiments. These bearings are made in light, extra light, medium and heavy series.

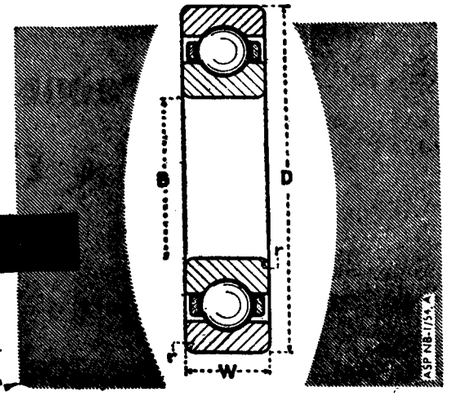
NBC - SECOND TO NONE

NATIONAL BEARING CO. LTD.
Jaipur, Rajasthan.
Calcutta Office: 1 A, Vansittart Row, Dadhousie Sqr.
Phone: City 4922

SMOOTH RUNNING WITH

NBC

BEARINGS



ASP PUB-175-A

HUKUMCHAND JUTE MILLS, LIMITED.

(ESTD. 1919)

HAZINAGAR, NAIHATI (E. RY.), WEST BENGAL

★

Manufacturers of

HIGH CLASS HESSIAN, SACKING,
CANVAS, TENTS, TWINE, WEBBING,
WOOLLEN BLANKETS, ETC., ETC.

★

Managing Agents :

RAMDUTT RAMKISSENDASS

Head Office:

9, Brabourne Road,
CALCUTTA-1

Telephones : BANK 3195 (3 Lines) *Telegrams :* 'JUTIFICIO' Cal.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.4	359 2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
July 1953 ..	406.4	480 5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ,, c ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
Week Ending										
10-4-1954 ..	389.0	472.2	359.9	380.6	706.3	404.4	90.7	101.4	88.3	103.5
17-4-1954 ..	381.6	477.3*	365.1	381.5	713.2	404.2*	90.7	101.3	88.4	104.5
24-4-1954 ..	375.5	474.7	366.3	382.7	706.2	402.4	90.4	101.3	88.3	104.4
1-5-1954 ..	372.7	473.5*	365.0	382.8	695.3	400.7	90.3	101.3	88.1	104.2
8-5-1954 ..	370.5	469.7	364.0	381.8	691.0	398.8	..	..	..	..

c Average of weeks. *Revised.

†Economic Adviser's Series. ††Reserve Bank Series.

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	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	387	147	351	147	156	145
1953 April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	141
1954 January	346	363	269	139	325	442	377	144	353	149	—	142
February	331	348	257	139	316	432	—	—	353	—	—	—
March	332	349	257	138	319	416	—	—	345	—	—	—
April	—	—	—	141	—	426	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	22-5-1954			15-5-1954			8-5-1954			1-5-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	92-14	90- 5	91- 6	93-10	90- 6	92- 0	93- 4	90-13	91-15	94-10	92-15	93-14
Silver (per 100 fine tolas)	166- 4	161-10	163-13	168- 2	164-11	166- 3	170-14	166- 0	168- 1	172- 4	169- 4	171- 1

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	66,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
August 1953	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1.116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
March ,,	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57.22	93,12	421,34	1,202,63
April ,,	1,220,38	13,08	1,233,33	40,02	674,15	714,17	57.90	97,81	421,34	1,233,32
Week Ending										
9-4-1954	1,226,28	10,67	1,236,95	40,02	678,15	718,17	58 06	97,44	421,34	1,236·95
16-4-1954	1,230,00	6,94	1,236,94	40,02	678,15	718,17	58.06	97,44	421,34	1,236,94
23-4-1954	1,220,68	16,76	1,237,44	40,02	678,15	718,17	58.04	97,94	421,34	1,237,44
30-4-1954	1,217,19	20,40	1,237,58	40,02	678,15	718,17	58.03	98,08	421,34	1,237,58
7-5-1954	1,233,75	12,14	1,245,89	40,02	688,15	728,17	58.45	96,49	421,22	1,245,89
14-5-1954	1,228,83	16,76	1,245,58	40,02	688,15	728,17	58.46	96,19	421,22	1,245,58

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	485
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	414
	(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
Average of Fridays														
August 1953	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22,49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
March ,,	80,90	42,08	40,44	42,99	206,41	24,92	241,32	12,72	10,46	99,86	1,12	39,83	68,70	8,64
April ,,	64,51	30,52	42,16	45,21	182,41	27,95	220,36	13,35	12,98	78,55	1,21	40,01	65,17	9,09
Week Ending														
9-4-1954	60,61	27,08	42,33	45,38	175,40	27,33	212,72	10,96	14,75	74,77	1,66	36,60	64,99	9,00
16-4-1954	51,33	29,60	42,14	45,38	168,45	30,08	208,53	7,21	14,58	74,18	98	37,90	64,65	9,02
23-4-1954	60,27	28,67	44,21	45,59	178,74	28,72	217,46	17,04	13,00	73,71	1,65	39,31	63,65	9,09
30-4-1954	86,77	28,31	40,05	45,06	200,19	26,56	236,76	20,70	11,22	74,65	75	53,94	66,70	9,41
7-5-1954	84,76	21,04	40,45	45,57	191,82	23,17	229,63	12,34	11,06	65,25	85	63,99	66,69	9,44
14-5-1954	89,12	20,74	43,99	45,73	199,59	24,34	238,78	17,02	10,46	67,38	1,71	63,11	69,62	9,48

Note: Figures in brackets relate to Pakistan. **Inclu des Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

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	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	61.77	303,49§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315,32	841,35	32,64	43,06	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 ,, ..	..	..	..	..	..	..	..	..	..	..
Week Ending										
16-10-1953 ..	520,35	332,92	853,27	30,06	50,34	9.42	420,89	38,62	53.85	336,15
23-10-1195 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16
29-1-1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5-2-1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12-2-1954 ..	513,66	330,41	844,07	32,60	39,40	8.53	461,68	53.56	61.04	320,61
19-2-1954 ..	522,30	331,20	853,50	31,96	39,84	8.41	462,46	55,88	60.73	320,14
26-2-1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	458,52	62,89	61.19	319,23
5-3-1954 ..	522,74	330,71	853,45	32,13	37,38	8.14	461,30	66,30	61.82	318,76
12-3-1954 ..	525,76	329,57	855,34	31,75	40,19	8.41	466,18	64,16	62 00	318,03
19-3-1954 ..	518,74	327,14	845,88	30,93	38,60	8.22	470,51	66,51	63.49	317,10
26-3-1954 ..	528,89	327,57	856,46	32,07	40,83	8.51	469,85	68,34	62.84	318,87
2-4-1954 ..	541,51	325,41	866,93	31,38	50,45	9.44	472,23	73,27	62.92	318,83
9-4-1954 ..	539,86	327,84	867,70	31,26	41,56	8.39	477,93	74,23	63.64	316,33
16-4-1954 ..	542,20	328,06	870,26	33,00	41,07	8.51	481,61	75,13	63.97	312,38
23-4-1954 ..	545,57	328,71	874,28	33,45	41,96	8.63	481,30	76,83	63.84	313,93
30-4-1954 ..	536,92	328,47	865,39	32,43	40,52	8.43	487,20	75,93	65.07	322,85
7-5-954 ..	528,34	329,15	857,49	32,32	39,65	8.39	567,26	..	.	323,25
14-5-954 ..	536,75	328,60	865,35	33,64	42,01	8.74	581,23	75,05	75.8	323,03

*Undivided India §Average of weeks from November 1951 †Including BillsDiscounted

INDUSTRIAL PRODUCTION

List of industries which registered a decline in production during 1953 while their installed capacity increased

Name of Industry	Units	Year	Capacity	Production
Automobiles	Nos.	1951	71,700	22,269
		1952	70,700	15,291
		1953	84,014	13,926
Agricultural Implements	Tons	1951	25,644	18,873
		1952	25,476	18,195
		1953	26,264	9,357
Bolts, Nuts, Rivets and Dogspikes	Tons	1951	30,132	6,898
		1952	30,147	16,085
		1953	33,356	10,700
Crown Corks	Gross	1951	3,696,000	2,601,834
		1952	3,552,000	2,289,361
		1953	3,632,000	2,192,110
Diesel Engines	Nos.	1951	5,300	7,246
		1952	24,925	4,347
		1953	30,175	3,716
Electric Lamps	Nos.	1951	23,000,000	15,522,550
		1952	26,000,000	20,881,331
		1953	29,000,000	19,549,250
Incandescent Lamps	Nos.	1951	85,800	62,936
		1952	82,200	35,004
		1953	94,200	33,100
Non-Ferrous Alloys	Tons	1951	68,000	11,623
		1952	68,000	7,650
		1953	69,000	6,510
Power Driven Pumps	Nos.	1951	34,600	41,492
		1952	42,800	32,651
		1953	60,200	25,149
Portable Air Conditioners	Nos.	1951	Nil	Nil
		1952	600	413
		1953	700	375
Brass and Copper Rods and Bars	Tons	1951	3,500	763
		1952	3,500	732
		1953	5,480	540
Aluminium Foils	Tons	1951	1,100	838
		1952	1,100	582
		1953	1,200	541
Small Tools	Nos.	1951	2,055,825	1,141,473
		1952	2,460,700	893,350
		1953	2,756,600	514,160
Benzol	Gals.	1951	1,713,600	1,360,900
		1952	1,713,600	1,481,300
		1953	1,750,000	1,356,800
Shark Liver Oil of 6000 I.U.G.	Gals.	1951	36,333	9,123
		1952	26,333	19,857
		1953	69,332	11,573
Gallinicals	Gals	1951	1,188,580	711,988
		1952	1,188,580	648,500
		1953	2,543,484	631,720
Liver Extracts (Injectibles)	C.C.	1951	23,800,000	10,682,543
		1952	23,800,000	10,372,565
		1953	51,360,000	8,993,835
Nikethamide	Lbs.	1951	Nil	Nil
		1952	2,400	908
		1953	4,200	688
Sulphapyridine	Lbs.	1951	Nil	Nil
		1952	135,000	14,943
		1953	165,000	11,553
Geranium Oil	Lbs.	1951	4,200	2,006
		1952	4,200	1,065
		1953	15,480	1,040
Soap (organised Units only)	Tons	1951	192,000	83,500
		1952	193,500	86,370
		1953	209,300	84,300
Face Powder	Lbs.	1951	1,418,000	1,270,000
		1952	1,596,000	1,121,000
		1953	1,996,000	1,006,000
Bottles	Tons	1951	N.A.	N.A.
		1952	100,000	50,223
		1953	112,625	43,000

(Continued from the previous page)

Name of Industry	Unit	Year	Capacity	Production
Lampware	Tons	1951	N.A.	N.A.
		1952	40,000	15,582
		1953	41,183	11,000
Table and Pressed Ware	Tons	1951	N.A.	N.A.
		1952	30,000	17,917
		1953	42,766	17,000
Plastics	Gross	1951	(a) 403 oz. (b) 7,074 tons	1,480,000 gross
(a) Injection moulding Ozs.	Gross	1952	(a) 482 oz. (b) 8,708 tons	1,540,000 gross
(b) Compression moulding Tons	Gross	1953	(a) 550 oz. (b) 10,200 tons	1,290,000 gross
Latex Foam Sponge	Lbs	1951	753,000	472,002
		1952	753,000	639,237
		1953	766,600	533,300
Dipped Rubber Goods	Doz.	1951	20,234,500	10,986,805
		1952	35,082,000	13,842,267
		1953	45,029,900	13,465,000
Fan Belts	Nos.	1951	276,150	298,486
		1952	516,800	557,567
		1953	582,300	409,400
Flour Milling	Tons	1951	1,464,000	484,460
		1952	1,465,000	517,710
		1953	1,524,000	457,770

List of industries whose production declined during 1953 though their installed capacity has remained steady

Name of Industry	Unit	Year	Capacity	Production
Cables & Wires (winding wires)	Tons	1951	450	296
		1952	450	398
		1953	450	226
Electrical Steel Sheets	Tons	1951	4,500	4,296
		1952	4,500	5,183
		1953	4,500	3,320
Gramaphone Needles	Nos.	1951	230,000,000	63,750,000
		1952	460,000,000	239,500,000
		1953	460,000,000	112,550,000
Gramaphones	Nos.	1951	21,000	10,713
		1952	21,000	10,156
		1953	21,000	1,468
Radio Receivers	Nos.	1951	87,200	82,786
		1952	153,100	71,495
		1953	153,100	56,880
Shafting	Tons	1951	3,372	353
		1952	3,540	2,468
		1953	3,540	230
Textile Machinery (Ring Spinning Frames)	Nos.	1951	360	274
		1952	396	283
		1953	396	200
Antimony	Tons	1951	700	328
		1952	700	181
		1953	700	130
Ebonide	Lbs.	1951	N.A.	N.A.
		1952	654,000	125,923
		1953	610,400	84,700
Coal Tar Distillation	Tons	1951	70,000	55,300
		1952	70,000	59,700
		1953	70,000	50,450
Light Creasote	Gals	1951	N.A.	151,900
		1952	N.A.	271,850
		1953	N.A.	122,630
Pitch	Tons	1951	N.A.	3,025
		1952	N.A.	2,550
		1953	N.A.	1,800
Naphthalene	Tons	1951	950	840
		1952	950	670
		1953	950	550

(Continued on the next page)

(Continued from the previous page)

Name of Industry	Unit	Year	Capacity	Production
Phthalic Anhydride	Tons	1951	60	12.0
		1952	60	10.8
		1953	60	5.4
Caffeine	Lbs.	1951	20,000	N.A.
		1952	20,000	5,642
		1953	12,300	4,744
Strychnine	Lbs.	1951	15,600	11,416
		1952	15,600	11,365
		1953	15,600	3,390
Liver Extracts (Oral)	Lbs.	1951	1,460,600	319,000
		1952	1,460,000	311,249
		1953	840,000	246,229
Sulphadiazene	Lbs.	1951	Nil	Nil
		1952	205,920	41,992
		1953	205,920	36,536
Thymol Chrystal	Lbs.	1951	16,800	3,647
		1952	16,800	3,640
		1953	16,800	185
Thyme Oil	Lbs.	1951	19,200	4,530
		1952	19,200	3,900
		1953	16,800	292
Face Cream	Lbs.	1951	1,538,000	597,000
		1952	1,773,000	609,100
		1953	1,773,000	507,000
Cigarettes	Nos.	1951	18,000 Mil.	21,400 Mil.
		1952	18,000 ,,	20,118 ,,
		1953	18,000 ,,	18,603 ,,
Asbestos Cement Sheets	Tons	1951	117,000	83,206
		1952	117,000	87,706
		1953	117,000	76,653
Electrical Porcelain	Pcs.	1951		
		1952	6,648,000	3,403,000
		1953	4,928,240	2,841,000
Refractories	Tons	1951	293,599	238,209
		1952	290,599	243,602
		1953	289,660	206,950
Brass and Copper Wires for non-electrical purposes	Tons	1951	2,150	144
		1952	2,160	3,771
		1953	1,960	246
Phenolic resin laminates (paper based, fabric based)	Tons	1951	N.A.	N.A.
		1952	100	40
		1953	100	26
Leather (Vegetable tanning of hides)	Pcs.	1951	3,184,200	1,703,672
		1952	3,112,200	1,476,840
		1953	3,112,200	1,244,695
Aero Tubes	Nos.	1951	N.A.	N.A.
		1952	8,100	979
		1953	5,700	450
Plywood	Sq. Ft.	1951	150,710,000	70,854,686
Tea Chest quality)				(78,227,789
Commercial quality)		1952	171,000,000	12,258,789
				(47,427,350
		1953	144,000,000	10,657,946
Biscuits	Tons	1951	39,921	N.A.
		1952	39,921	12,321
		1953	39,921	10,830
Confectionery	Tons	1951	52,797	12,363
		1952	52,797	10,004
		1953	52,797	8,900
Copper (non-electrolytic)	Tons	1951	7,000	7,083
		1952	7,200	6,079
		1953	7,200	4,920
Expanded Metal	Tons	1951	2,840	1,899
		1952	2,940	2,018
		1953	2,940	1,600
Steel Belt Lacing	Boxes	1951	228,000	151,745
		1952	228,000	96,837
		1953	228,000	67,088
Black Copper Rods, Electrolytic	Tons	1951	24,000	4,523
		1952	24,000	6,544
		1953	24,000	3,364

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Lt
52, Queensway, New Delhi. Editor:—E. P. W. da Costa, M.A. (Oxo

SECRETARIA DA FAZENDA
DIVISÃO DE DOCUMENTAÇÃO

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 23. NEW DELHI: JUNE 4, 1954. ONE RUPEE

CONTENTS

Page

LEADING ARTICLES :

DEFENDER OF THE FAITH 893
EAST PAKISTAN 895
THE ESTIMATES COMMITTEE 896

THE WEEK'S NOTES 897

The Congress Split Mind; The Australian Elections; The Future of Indians in Ceylon; Mr. Eden at Geneva; Part C States in the Melting Pot; Hindu Code—Third Round; General Templer's Record in Malaya.

WORLDGRAM AND NEWS IN BRIEF .. 901

A WINDOW ON THE WORLD

Odysseus on "Profits for Progress" .. 905

BOOK REVIEWS 907

A DELHI DIARY : 909

Page

SPECIAL ARTICLES :

THE JAPANESE METHOD OF RICE CULTIVATION IN BOMBAY 910

INDEX OF COMPARATIVE COSTLINESS 912

THE BUSINESS WORLD :

World Grain Prices 914
Judgment on Income Tax Commission .. 914

BUSINESS NOTES 916

Art Silk Yarn Import Policy; Trade Mission from Thailand; Sugar Distribution Policy; Accommodation for Agriculture in Mysore; The Annuity Certificates; Indian Trade and General Insurance Co.; Bombay State Financial Corporation—Lending Policy; Revitalising the Textile Industry; Electrical Wiring Accessories; Export of Manganese and Iron Ores; Indo-Austrian Trade Agreement; Further Export Quota for Bengal Desi.

COMPANY AFFAIRS 919
COMMODITY NEWS AND NOTES 921
CURRENT STATISTICS 927

Defender of the Faith

THE judgment of the Supreme Court delivered by the Chief Justice last Friday declaring void Section (4) of the Taxation on Income (Investigation Commission) Act is only the last of a series of decisions in which the Supreme Court has shown itself a bastion for the defence of the liberties of citizens of the Indian Union. The present judgment may tend to eclipse, because of the partisan character of public opinion on tax evasion, previous decisions on the character of the fundamental rights enshrined in the Indian Constitution. It has, indeed, revenue implications which need to be examined separately; at first sight, these may look large. It will be seen, however, on a closer examination that the difference in revenue terms is likely to be negligible. But whether the revenue implications of this decision are large or small, this should be rightly regarded as the most notable decision on the scope of Article 14 of the Indian Constitution, and the most important of all decisions of fundamental rights since the Indian Constitution came into force on January 26,

1950. And, if there was any doubt as to the capacity and independence of the judges of the Supreme Court to maintain and fulfil the high trust which the people of India placed in their hands on that memorable day, that doubt has now been completely dispelled. India's Supreme Court has maintained faith with the people; in it India has a Defender of the Faith that in this Union all citizens are equal before the law and equal beneficiaries under the Constitution.

It is necessary to explain in some detail the principles of the present decision at least in order to appreciate how heavily executive authority had encroached on the fundamental rights of certain Indian citizens. Section 5(1) of the Taxation of Income (Investigation Commission) Act gave powers to the Central Government to refer cases to investigation before the first day of September 1948. This clause reads as follows:

"The Central Government may at any time before the 1st day of September, 1948, refer to the Commission for investigation and report any case or points in a case in which the Central Government has prima facie reasons for believing that a person has to a substantial extent evaded payment of taxation on income, together with such material as may be available in support of such belief, and may at any time before the 1st day of September 1948 apply to the Commission for the withdrawal of any case or points in a case thus referred and if the Commission approves of the withdrawal, no further proceedings shall thereafter be taken by or before the Commission in respect of the case or points so withdrawn."

It was clear that the purpose of this clause was to apply extraordinary machinery, once and for all, in respect of certain cases where evasion of tax "to a substantial extent" had taken place before a definite date. It was, therefore, necessarily limited in scope and consequently limited in time. The limitation in time was effected by giving the Commission a temporary existence, with its life prolonged from year to year.

The position in respect of Section 5(4) was quite otherwise. This section reads as follows:

"If in the course of investigation into any case or points in a case referred to it under Sub-Section (1) the Commission has reason to believe—

(a) that some person other than the person whose case is being investigated has evaded payment of taxation on income or,

(b) that some points other than those referred to it by the Central Government in respect of any case also require investigation,

it may make a report to the Central Government stating its reasons for such belief and, on receipt of such report, the Central Government shall, notwithstanding anything contained in Sub-Section (1), forthwith refer to the Commission for investigation the case of such other person or such additional points as may be indicated in that report."

And thus while the original section was limited both in respect of parties and in time, Section 5(4) permitted of an indefinite prolongation of the Commission's labours entirely at its own discretion. For it was mandatory for the Central Government to refer to the Commission any case on which it chose to make a report. Section 5(4) therefore set up permanent machinery allowing the Commission to discriminate between citizens, and to hold indefinitely a Damocles sword over any person or persons against whom it believed it had a case for a report.

That the Commission made undue use of this section is shown by the fact that at the end of December 1953, the cases referred to it had mounted to 1668, all except about a hundred of which had been under Section 5(4). Most of these cases could have been dealt with under the normal income tax law which provided for assessment for eight previous years or nine in all, and Excess Profits Tax assessments which could go back to the inception of the tax. There was, therefore, and still is competent machinery to deal with practically every conceivable case. And yet absolute power with no appeal and with procedure, as the Supreme Court judgment points out violently unfair to the assessee, has been imported in the belief that a special law was required to track down this income which, it was thought, was vast and cumulative.

This belief was mistaken in two respects. In the first place during the period 1951 to 1953 the Income Tax Investigation Commission had tracked down concealed income of only Rs. 34.93 crores against Rs. 71.1 crores obtained by the voluntary disclosure scheme. Again, the whole process was subject to a powerful element of diminishing returns. Thus in 1951, the Income Tax Investigation Commission tracked down Rs. 18.12 crores; in 1952, the figure was Rs. 10.89 crores; in 1953 it was only Rs. 5.92 crores and in 1954 it might well be considerably less. This was natural enough. For one thing, the cases were smaller and smaller; for another, the strengthening of the Income Tax machinery was making special machinery more and more redundant. At the present time, it is extremely doubtful if there is any net advantage in revenue terms, since the Income Tax Department is capable, rightly directed, of obtaining practically all the dwindling revenue which the Commission can obtain. And in any case the Supreme Court judgment has brought the Commission's activities to a halt; those activities cannot be revived except by bringing the Commission's procedure in line with that of the Income Tax Department which, again, would make its activities redundant.

There is, therefore, no revenue case for the extension of the life of this Commission. But even had there been a revenue case, here, as elsewhere, where the fundamental rights of the Indian people are involved, there is a superior moral argument against a continued violation of the spirit of the Indian Constitution. Whatever the purpose for which executive authority is being exercised, it can only be justified when it is set in the framework of a Rule of Law and the letter as well as the spirit of the Indian Constitution. It has now been shown in a judgment, which is as clear as it is conclusive, that Section 5(4) cannot be reconciled with the Indian Constitution. It is a thoroughly pernicious exercise of arbitrary executive authority which is only appropriate to totalitarian States.

The Government of India needs to give to its own reputation as a democratic executive and to the verdict of the Supreme Court as the highest expression of the Indian Rule of Law greater weight than to any other consideration in this case. It will be its privilege, as well as its undoubted duty, to respect the spirit of the Constitution which the Congress Party did so much to frame. Any other course will show a dereliction of high democratic principles for the fruits of expediency, which, in this case, happen also to be negligible. It is a pity that the material gains of acquiescing in the Supreme Court's judgment are so small. It would have been better, in one respect, if they had been large. For this is the time to show the Free World how spacious are the defences and the responses of freedom in Indian hands.

East Pakistan

EVENTS in East Pakistan this week have moved rapidly to a climax. The promulgation of Governor's rule and the appointment of Major-General Iskandar Mirza, formerly Defence Secretary of Pakistan and believed to be her ablest administrator, were not unexpected. But they were not unexpected merely because, calmly considered, there was very little else that the Central Government seemed able to do. The only alternative was to accept the doings or—what in some respects was worse—the speeches of the difficult leader of the United Front, Mr. Fazlul Huq. In deciding on a showdown here and now, the Central Government has certainly raised its prestige in West Pakistan and has certainly strengthened its hold over East and West Pakistan. The question which is important, however, is whether this situation can last indefinitely. The answer even in parts of Pakistan is in the negative, notwithstanding the quite remarkable success with which General Iskandar Mirza has opened his account.

First reports from East Pakistan are to the effect that the new regime has generated, in its first week, quite considerable confidence. But this is a result which was only to be expected after the excursions and alarums of the last month. The orgy of violence in the Adamjee Jute Mills has shocked the conscience of East Bengal, and certainly Mr. Fazlul Huq's administration cannot escape censure for this very serious mishandling of an explosive labour situation. Whether the Communists were behind it, as the Central Government conclude, or not, there was a clear obligation on the State Government to take much firmer action than it did. There is no doubt that this grave failure of law and order justified Central interference. It was foolish for the East Bengal Chief Minister to hasten this interference by adding an inflammable political controversy to an explosive domestic situation at just this time. There is no doubt that Mr. Fazlul Huq has lost some of his ardent admirers in the last month. General Iskandar Mirza has certainly benefited from the temporary decline that has taken place in the prestige of the hardy old veteran.

The question is whether this situation can endure. Prima facie, the odds are heavily against General Iskandar Mirza. For one thing, he himself is a West Pakistani, believed to be more influenced by West Pakistan's views than those of East Bengal. He is remembered as a distinguished administrator in the old North-West Frontier Province; he has seen no service in East Bengal. Again, as between the United Front and the Muslim League, there is no question where his loyalty lies. Finally Governor's rule in any State in the Indian sub-continent cannot help visiting on the person of the Governor all the displeasure of dissatisfied politicians who consider his administration an obstacle to the exercise of their power or at least their influence, often of the improper kind. The tide of popular sentiment in East Bengal will certainly gather against Governor's rule.

On the other hand, there is certainly strong support in East Bengal for the major freedoms for which Mr. Fazlul Huq is fighting. Broadly, this is a constitutional issue associated with the doctrine of the 'Weak Centre'. The United Front claims that it has a mandate from the people of East Bengal for a weak Centre in which the only subjects surrendered are Defence, Foreign Affairs and Currency. This is a very different doctrine from that contemplated in Pakistan's Draft Constitution, and, indeed, from the practice of Pakistan since its inception. It is, therefore, clear that a serious constitutional fight is also on. It is likely that this will involve a major set-back to the framing of Pakistan's Constitution and to the unity of Pakistan.

It is difficult for the Muslim League, which prescribed a weak Centre quite liberally when the Indian problem was awaiting solution, now to decry the same doctrine of the weak Centre as a piece of betrayal. It is true that the differences between East and West Pakistan are not in essence communal problems. But if the doctrine of the weak Centre was acceptable because of differences in communal outlook, surely it should be logical to apply it where differences of language and customs are as great as between East and West Pakistan. Whether acceptable to West Pakistan or not, East Bengal seems determined to act on the principle of a weak Centre.

It is likely that the dangers of accepting the United Front thesis have been exaggerated in Karachi. In any case, it seems the only alternative to a head-on collision in Pakistan's Constituent Assembly, which may permanently wreck constitutional progress and which might well disrupt the Pakistan State. The real weakness of the present action of the Central Government in Pakistan is that it does not face this issue of constitutional choice by the people of East Bengal. They are determined now not to accept a strong Centre unless it is one in which East Bengal has an overriding voice. Since West Pakistan will not accept this condition, East Bengal will stick firmly to the position which Mr. Fazlul Huq has maintained. That, without question, is the source of his strength.

No one need deny that Pakistan is in the throes of a series of political crises. So far as India is concerned there has been a notable reluctance to comment on these events. This is as it should be. For one thing, the information available in Delhi is still inadequate for an appreciation of all the factors in this case. What has been said above is sufficient indication also that the time is not yet ripe for a final assessment. Again, Indian interests in these proceedings may only too readily be interpreted in Pakistan as a sign of jubilation because of her difficulties. In point of fact, however, amongst intelligent observers in Delhi these difficulties have caused nothing but concern.

It is recognised that India's interests both in the West and the East are involved in the stability of West and East Pakistan. If an element of violent instability appears in either, there will be a temptation to promote an adventure in Kashmir. Again, on the whole issue of India's security, the possibility that Communist infiltration might take place through an accession of strength in neighbouring States has always to be considered. If it is true, as Pakistan's Central Government maintains, that Communist infiltration in East Bengal is large, then the situation is already one which calls for correction.

India has, therefore, no interest in adding to Pakistan's difficulties. There is no question of the return of East Bengal to the Indian Union. That return would not be acceptable to West Bengal or to the Indian Union were it even proposed. But, in any case, it would be a great mistake to see discontent in East Bengal in terms of a realignment with India. It is quite otherwise. East Bengal is seeking independence for itself, and is not anxious to share that independence with any other Central Government.

The Estimates Committee

THE results of the elections to the Estimates Committee of the Lok Sabha, which were announced a few weeks back, are instructive in more ways than one. It is unnecessary to pretend at this stage that Government and this committee have seen eye to eye. On many matters they have not. On the other hand, the eighth report of the committee on the D.V.C., recently issued, is acrimonious in tone; and it makes no secret of the fact that the committee has taken very ill the manner in which the Government of India has chosen to treat the recommendations of the earlier fifth report.

The committee's main grievance is that there has been a lack of co-operation from the departmental ministry concerned with irrigation and power; and prima facie, the long delays in appointing the Rau Committee, in making its report, when submitted, available to the parliamentary committee, the attempt to side-track the estimates report by taking matters direct to Parliament, the unseemly disputes which have followed the presentation of the late W.M.P. Ministry's "factual note" and lack of consideration in general—about all of which the outgoing chairman of the Estimates Committee has complained—cannot easily be excused.

It is impossible for the outside observer to avoid the conclusion that the department has been touchy and oversensitive. The parliamentary committee, however, for its part has approached this entire subject in a mood of extraordinary suspicion and with a determination to make light of all the difficulties. The honours are, therefore, perhaps even. The spectacle of two secretariats waging open war-fare in public has, however, not exactly been an edifying one.

Parlimentary financial tradition is not as yet established in this country; and this unfortunate development is not, therefore, of any very small importance. In theory, the financial committees of Parliament are sovereign within the limitations of their own rules, which are considered to be extensions of the Rules of Business of the House, and they are subject only to the powers of the House itself. In practice, however, a show-down or a crisis in matters like this cannot easily be created. There is no room for congressional committee to exercise in this country the authority which the House and Senate Committee on Appropriations wield in the United States.

It is because that this is so, and because the Estimates Committee has still to overcome considerable initial prejudice against itself, that we must be very clear at this stage as to which way tradition is being built up. This is the time for many persons, not necessarily within Parliament, to wonder whether it is being built on the right lines. Once a parliamentary committee has presented its report, including, if necessary, a report on the state of its outstanding recommendations, there is little more that it can do. It is open to the government of the day either to accept these recommendations or merely to explain them away. But recourse to this latter alternative, while it is easy, is not desirable.

If an atmosphere is created, justifiably or otherwise, in which the executive is repeatedly faced with the choice of implementing suggestions which go pretty far (thus overstepping the limits prescribed and implied in Rule 198 of the Rules of Business of the House) or in the alternative of ignoring them altogether, there is not much doubt as to which will prove to be the line of least resistance. A vicious circle is then established, the executive attaching little importance to the Estimates Committee's representations, and the committee in consequence becoming more and more doctrinaire and less and less alive to the practical possibilities of initiating action on the basis of its report; there can be no doubt as to the final result.

This is not a danger which is too remote or imaginary for Parliament to worry about now. Recent reports, indeed, suggest very much the contrary. Apart from the eighth report which repeats the Estimates Committee's earlier recommendations—partly at least, it would seem, on grounds of prestige—there are, for example, fresh comments of a general nature in the more recently published ninth report. This latest report deals among other things with financial control—although the changes recommended, which amount in substance to the recommendation that fixed allotments must be made to the departments which they are to be free to vary at their will, are controversial, to say the least. A ceiling on private salaries has also been suggested by the parliamentary committee—at a time, when the wisdom of having made government salaries excessively rigid has itself been questioned. The committee seems to have been totally unalive among other things to the practicability of restricting private and public salaries but not other forms of remuneration. It has also overlooked other relevant considerations—the general lack of mobility and service casteism, for example, which inhibit good administration very much more than the existing scales of pay. Another recommendation is that re-employment of retired government servants should be made difficult; in the committee's opinion, it is obviously not relevant at all whether we can afford to waste experience; and there is an attempt to stampede the Union Public Service Commission into quick action on many matters—which is equally idealistic.

Matters of even greater moment are, however, also pending. The parliamentary financial committees and the executive have tended for some time to think differently on such matters as adherence to prescribed rules (somewhat strangely, it is the non-official who is conservative in such matters), the management of government-owned industrial undertakings, the reality and usefulness of control over the progress of expenditure, so as to keep it within the limits of what Parliament has voted, and, last but not least, the powers which parliamentary financial committees can exercise over officials appearing before it.

This entire question is, therefore, one which has to be seriously considered at this stage. It would be unfortunate if the standing committees of Parliament were reduced, because no one in particular pays any attention to these problems, to a mere nullity. This anti-climactic result of introducing a new constitution, and of revising financial procedure would be particularly deplorable in India, because Indian legislators, unlike other legislators elsewhere, have been economy-minded on the whole; and they have been more or less free from the vices of log-rolling and the pork-barrel, which is an advantage which no government can afford to throw away.

If Parliament has a substantial influence in financial matters, in India more than in any other country that influence is likely to be exercised for the general good. The growing estrangement between the Parliament secretariat and the regular secretariat must be prevented and cordiality must be promoted instead, for the alternatives to this are plainly undesirable.

There is no reason to think that with give and take on both sides—the committees being careful to carry the administration with them as much as possible, being modest in their aims, restrained in their observations, and concerned to secure that which is clearly good rather than something which seems much better —and the government for its part being determined to abide by the committee's wishes as a rule, the experiment should not work. It is more than time when we should make this fresh start.

THE WEEK'S NOTES

THE CONGRESS SPLIT MIND

Even during the days of the Indian struggle for freedom, the Indian National Congress had often been characterised by its opponents as totalitarian in character. This charge was not finally answered until after Independence when a broadbased national Cabinet including non-Congress elements was established and the Constituent Assembly was set up to enact a Constitution on the fundamental principles of democracy, with Fundamental Rights and independence of the judiciary, even though some of them had to be circumscribed. The spell of idealism was broken first by the Constitutional Amendments of 1951, which among other things proposed restrictions on the freedom of expression and exemption from the obligation to pay compensation in the case of acquisition of estates to eliminate intermediaries. The tendency to exalt the executive persisted in security legislation (on preventive detention, Press regulation and now in the proposed reform of criminal procedure) and in economic legislation like the Industries Act, 1951. In this schizophrenia, Mr. Hyde has been throwing Dr. Jekyll in the background and the latest phase, indicated by the Congress Sub-Committee's report on Constitutional Amendments, is a culmination of the authoritarian tendency lying dormant in the Congress.

The pretexts for the various changes proposed by the Sub-Committee are well known. The Press—the "yellow" Press—has come for due mention but if the use of the powers repeatedly assumed by Government has not succeeded in achieving the objective, it is impossible to believe that new powers will help, without affecting the normal functions of the Press. The proposal to deny courts the power to adjudge compensation for land or industries taken over by Government is the most important retreat from the stand taken only five years ago. The other proposals to curb the powers of the High Courts and the privileges available to public servants are of the same character. Though all these measures are urged in the name of economic progress and the Five-Year Plan, they reveal a lack of comprehension about the means to realise the objectives and spring from the misguided belief that spectacular legislation will offset the deficiencies in fulfilment caused by other factors. That itself is not a serious misfortune but if the Constitution is tampered with to make authoritarianism possible, the beneficiaries may not be the woolly and misguided enthusiasts in the Congress but those who would use it remorselessly for baser ends.

THE AUSTRALIAN ELECTIONS

The outcome of the Australian elections has been less dramatic than the manner in which they were fought. The Liberal-Country Party has been voted into power with a slightly reduced strength, giving it a majority of only six or seven. It is reported that the elections were regarded in Australia as a personal contest between the rival leaders Prime Minister Menzies and Labour Party leader Dr. Evatt. Mr. Menzies had threatened to retire from public life if his party did not win; to a limited extent the Petrov affair had also worked on the Government side. The Australian Press was also in favour of the Liberal-Country Party and foreign affairs were not in issue in the electioneering. The actual voting percentages for the parties—51.87 for Labour, 45.73 for the Liberal-Country Party and 2.4 for Communists and Independents—have confirmed the earlier forecasts of pollsters that opinion was evenly divided, with a slight inclination towards Labour.

Two electoral defeats for Labour had induced Dr. Evatt to make a supreme bid to secure a majority on this occasion by the promise of extravagant social welfare measures, like old age pensions for all without a means test, at a cost of over £200 million, financed partly by bank credit. Mr. Menzies had attacked this as a programme of galloping inflation and economic chaos which could usher in Communism. The electoral contest was fought with a great deal of personal bitterness and in spite of the success of Prime Minister Menzies, the honours are now fairly even. Mr. Richard Casey, Australian Minister for External Affairs, contested a risky seat and his success was due largely to his great personal qualities. The main significance of the electoral victory for the Liberal-Country coalition is that no economic dislocation will be caused by unchecked spending. The danger was perhaps much less than imagined because in the Upper House Labour is now in a minority. The deadlocks that would have been inevitable if Labour had won have now been prevented.

THE FUTURE OF INDIANS IN CEYLON

In a recent interview to the Colombo correspondent of "The Hindu", Sir John Kotelawala has sought to clarify the various issues relating to the question of persons of Indian origin. After conceding that illicit immigration has now declined, the Prime Minister of Ceylon was quite firm in declaring that Indian passport holders numbering about 150,000 should go back within the next two to five years except that those who have had more than two or three extensions of Residence Permits may be asked to leave immediately. In future, the system of granting residence permits will be changed and only visas are to be issued and the so-called "Stateless" persons of Indian origin will be prevented from being employed in various occupations. All this has been made quite clear.

The only group which will be saved these harassments at present will be the estate workers who are essential to the national economy. Sir John Kotelawala did not conceal his desire that even they should be kept as far as possible on a temporary basis so that they may be sent back when replacements are available among the Ceylonese. For the present when the need for the estate workers is great no steps to drive them out will be taken but the "Stateless" persons will be denied franchise, remittance facilities to India and travel facilities between India and Ceylon.

There has thus been no advantage to India out of the Indo-Ceylon Pact and against the proposed legislation to give representation to Indians in the legislature, the disabilities proposed are too many. There is no explanation of why any agreement between the two countries was at all necessary when Ceylon has chosen to pursue her own policy of squeezing out Indians without concessions. Since it cannot be that the Government of India was directly approving a more severe policy towards Indians when it signed the agreement last January, the inference is obvious that the working of the agreement has been a serious disappointment. It may not be possible for the Government to question the Ceylon Government's policies of dealing with the various classes of people within that country. But then the affected persons should also be left to their resources to secure redress against the denial of their rights and privileges, without any suggestion that the influence of the Government of India will be exerted to safeguard them. The failure of the Indo-Ceylon Agreement has made this problem more complicated than before.

MR. EDEN AT GENEVA

This week the Geneva conference has entered the most practical stage so far reached. The Western and Soviet blocs have agreed that representatives of the rival military commands in Indo-China should meet to work out some of the major technical problems of a cease-fire. The proposal is a British one and was announced in a brief communique on May 29 after a restricted session of the conference. Representatives of the two commands are to meet immediately in Geneva and contacts are to be established on the spot. That

the conference has reached this stage much sooner than was generally expected is mainly because of Mr. Anthony Eden's policy of practical negotiation towards a definite end, which he has consistently followed since the Indo-China discussions began three weeks ago. He has made remarkably few interventions in the proceedings, but these have marked a definite stage in the progress of the talks.

When public discussions continued to be a blast of propaganda, which achieved little and might have become dangerous because of violent recriminations, it was Mr. Eden's initiative which opened the way to secret sessions which began on May 18. In his first intervention he pointed out there seemed to be agreement between France and the Communist Viet-Minh that in Viet-Nam troops on both sides should be withdrawn to certain defined areas, and he went on to ask how these areas should be defined, what was to be done about the disarming of irregular troops and what form of international supervision could be agreed on. His proposals on May 29 crystallised some of these suggestions towards a point where military talks to end the fighting could begin.

This is the most important advance yet made in the Geneva talks which began four weeks ago. There are, however, still obstacles in the way of an armistice in Indo-China. The Communists have not shelved their view of the fighting in Laos and Cambodia. It may yet be used as an excuse for holding up any armistice in Viet-Nam, where fighting has been far more widespread. But it is an achievement that, as a result of three weeks' discussions, representatives of the two commands are to meet with a view to bringing to an end fighting which has gone on for seven years.

PART C STATES IN THE MELTING POT

The Bharatiya Jana Sangh has taken credit for a sensible approach to the question of the future of the Part C States. In a memorandum to the States Reorganisation Commission the Sangh is reported to have urged the abolition of the Part C States on the ground that they were inefficient and financially burdensome. No one in agreement with this view would refuse a special position for Delhi City alone as the Capital but the merger of all the other States in this category into larger adjacent units to which they naturally belong should be the main issue to be considered by the States Reorganisation Commission. When the Constitution was finalised in 1949, the occasion was not propitious for such merger. The situation was made worse only by the Part C States Act, 1951, which underwent a drastic change between its first introduction as a Bill and its final enactment in the months immediately preceding the general elections. Suddenly, the question of full-fledged democracy in Part C States had become a great issue of principle but no sooner than this was conceded there arose demands for separate High Courts, Service Commissions and service cadres and independence in legislation. The climax to this process came last month when, unabashed, a section of the Delhi Congress came forward with the amazing slogan of "Maha Delhi".

All these should surprise no one. It was quite to be expected that once the entire paraphernalia was created for small units whose separate existence was irrational, new interests would be created having a powerful interest in such separatism and seeking to entrench those interests by the exaggeration of their importance. The Congress Party, which sowed the seeds of these developments in 1951 on considerations of election-eve expediency has grown wiser and is adopting a firmer attitude to these preposterous claims. Opinion is growing in favour of throwing the Part C States into the melting pot, which is as it should be.

HINDU CODE—THIRD ROUND

The Hindu Succession Bill now published for general information will be the third instalment of the Hindu Code. The Hindu Marriage and Divorce Bill is now before Parliament and the Hindu Minority and Guardianship Bill before the public. The new Bill will only govern intestate succession among Hindus, Buddhists, Jains and Sikhs but even then it would exclude from the application of the law all joint family property which devolves on heirs by rule of survivorship (Mitakshara). This means that there will be no wide application of this law of succession until the other major reform proposed before, of substituting the Dayabhaga for Mitakshara is also implemented. This restricted application at the present time would help, however, to make the new experiment in a limited sphere. The main feature of this new experiment is the half share proposed for each daughter, and controversy over this point is likely to be keen as strong arguments are likely to be put forward either for maintaining the status quo or for going further than now proposed and giving the daughter an equal share with the son.

The Bill proposes three classes of preferential heirs, the first consisting of a group of heirs who take together and the second comprising a list of heirs who inherit in an order of preference, failing heirs of the first group; if there are no preferential heirs of either group, the property of an intestate would devolve on his agnates and cognates. The special laws of succession now applicable to those governed by the Marumakattayam, Aliyasantana or Nambudri laws of inheritance enacted in Madras will now be superseded by Clauses 16 to 25 which do not proceed on the principle of the matriarchate.

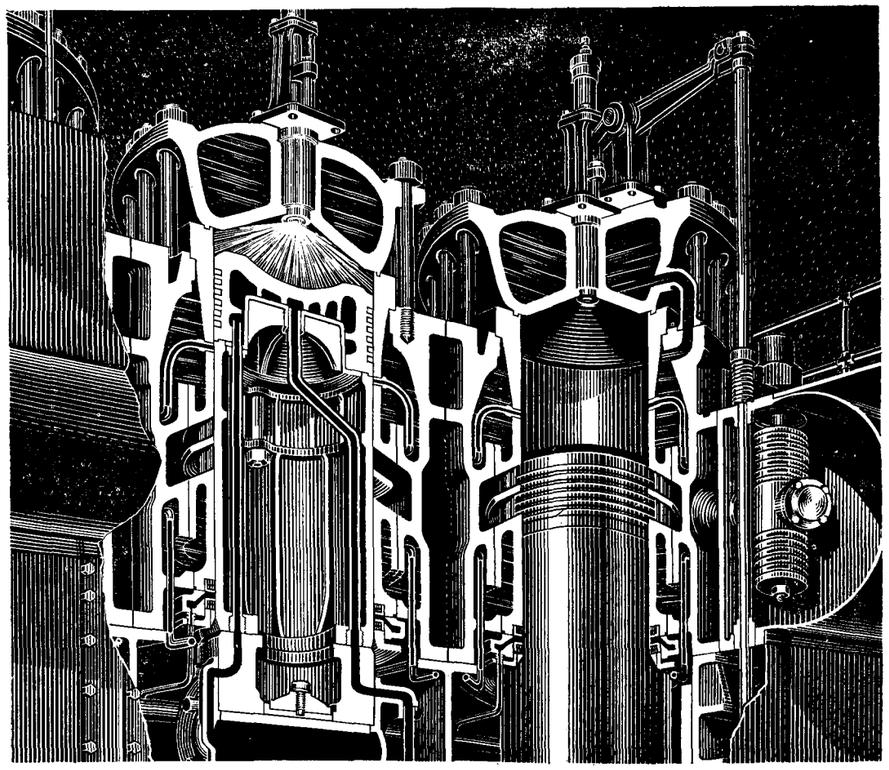
It is now proposed to abolish all distinctions among sons and daughters 'inter se' on the ground of their divided or marital status. The provision in the Hindu Code Bill which sought to enact that a woman can hold property as a full owner of all property acquired by inheritance, devise, partition or gift has been incorporated in this Bill. In spite of these provisions a battle over the inheritance rights accorded to women seems inevitable because of its consequences when the principle is extended to joint family immovable properties or working business concerns. The issues, however, are now clearly before the public for its reactions.

GENERAL TEMPLER'S RECORD IN MALAYA

The Communist terrorists in Malaya were at present incapable of staging a full-scale revolt, said General Sir Gerald Templer, High Commissioner in Malaya, addressing a farewell Press conference at Kuala Lumpur before leaving Malaya on relinquishing office last week,

Reviewing achievements in the two-front campaign in Malaya—the military battle against the Communists and the constitutional and social evolution of the territory, which have been proceeding side by side—General Templer estimated the Communists' remaining armed strength at between 4,400 and 6,000 (a decline of 2,000), and said while the party still had firm control of its members, incidents showed that its aggressive leadership and fighting morale were declining in spite of orders to step up action.

Because of the elimination of local and central leaders last year and this year, the Malayan Communist Party was faced with a serious problem, but he warned that one reason for the present lull might also be that the party was awaiting fresh directives in the light of the world situation. General Templer referred to the 'great bulwark of mutual goodwill and common purpose' existing among peoples of all races in Malaya. He made the point that unity and self-government should go together. General Templer's work in Malaya has lately become a matter for controversy because of the feeling that he had taken a purely police view of the Malayan problem and had been too ruthless in his methods. The recent report that there have been "peace" overtures from the "bandits" is indicative of the effectiveness of the police measures.

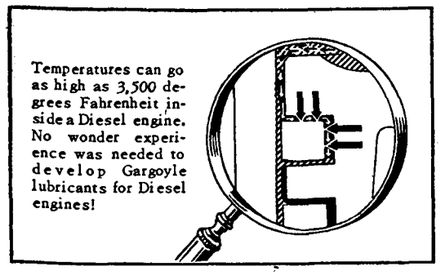


How oil makes an inferno useful!

Look inside a big Diesel engine — and you find an inferno of terrific heat.

Scorching temperatures and the actual flames generated inside the Diesel create the severest tests for oil. Not only is it important to prevent metal-to-metal contact between piston rings and cylinder wall, but the oil must also *seal in* the gases to save power.

The makers of Gargoyle lubricants were the first to lubricate Diesel engines correctly. Now, there are specially made oils for every type and size of Diesel. Gargoyle oils work on the principle which has proved to be the most vital factor in Industry: the *right* oil, in the *right* place, in the *right* way. 88 years of experience has shown them how!



Let this experience benefit you. Standard-Vacuum Industrial Lubricants give you correct lubrication with four special advantages:

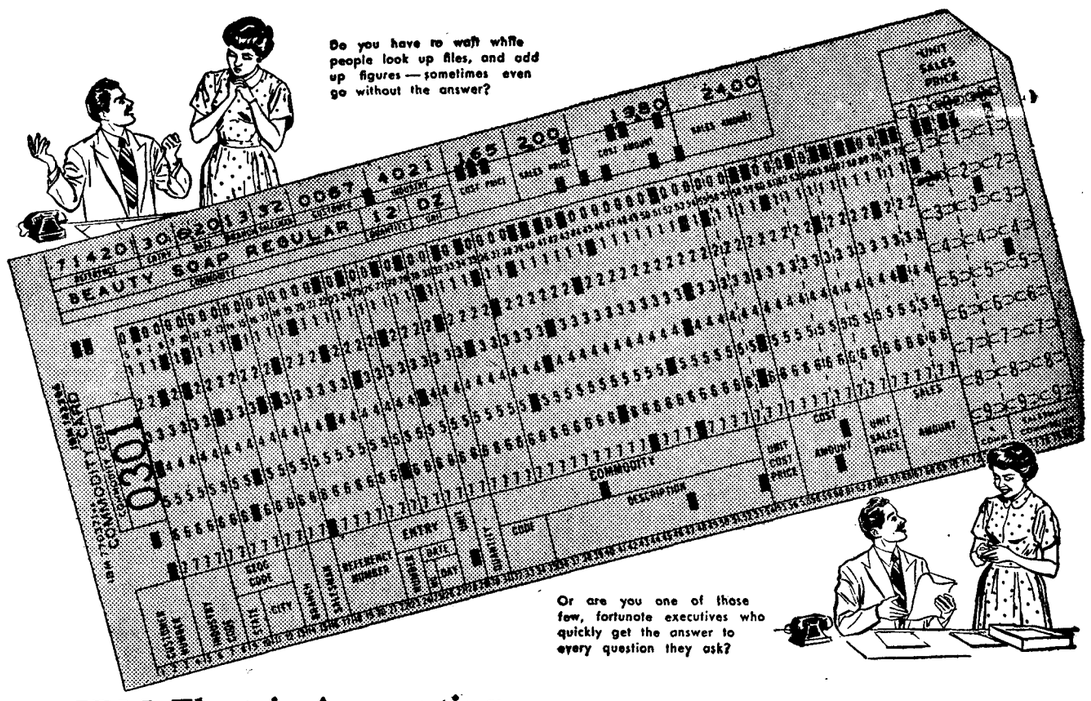
- **Reduced power consumption;**
- **More continuous production;**
- **Decreased maintenance;**
- **Lower lubrication costs.**

Gargoyle Lubricants

STANDARD-VACUUM OIL COMPANY

(The Liability of the Members of the Company is Limited)

V.8522



IBM Electric Accounting
can increase your business efficiency

When you ask a question, you want the answer soon and you want it right. You'd probably agree that quick, accurate answers could save your business a lot of money.

That is why so many organisations rely on IBM Punched Card machines — because they give you, at a moment's notice, all the facts and figures you need.

Not only for 'big business'

Almost every business, large or small, can benefit from IBM accounting. Though varying considerably in their functions and capacities, IBM machines have a single basic characteristic — the ability to save time for the businessman in meeting the complexities of modern business.

Better still, each IBM installation is fitted exactly to your needs — there is no such thing as a 'standard' IBM setup. Experts study your individual problems, and submit a plan for your approval. The enormous flexibility of IBM machines ensures that the final system is tailor-made to your requirements.

IBM Service

Delivery of any IBM equipment marks the *beginning*, not the end, of our customer relationship. For along with the equipment, IBM provides — on a continuing basis — for its maintenance, for training and instruction of operators and supervisors — all the things, in fact, that help the customer obtain maximum value from his IBM equipment.

Saving time in 79 countries — 30 languages

Billing • Payroll • Statistics

Stores Accounting • Accounts Receivable

Financial Statements • Cost Accounting, etc.

For the smaller business

IBM Service Bureaus, located in principal cities, bring the advantages of high-speed, versatile IBM Punched Card Accounting within the reach of almost any business. IBM Service Bureaus are staffed by experienced personnel, and equipped with the latest IBM electronic and electric machines. All work is performed on a confidential basis. The cost is modest.

IBM World Trade Corporation

(Incorporated in U.S.A. with limited liability)

Kasturi Buildings, Jamshedji Tata Road, Bombay 1.

Branches: Calcutta – Madras – New Delhi.

IBM

WORLDGRAM

FINANCE

Austria Plans Outlays: The Austrian Cabinet recently adopted a long-term programme calling for capital investments of the equivalent of $389 million in the next nine years. Approximately half of this amount will go towards Austrian Railways and other improvements and $120 million will be spent to complete the automobile highway planned by Hitler from Selzberg to Vienna. The remaining sum will be used in improving the postal and telegraph systems.

* * * * * * *

International Bank Loan to Australia: On March 3, 1954, the Australian Prime Minister announced that the International Bank for Reconstruction and Development had agreed to lend the Commonwealth Government (U.S.) $54 million (£(A)24 million). This is the third loan to Australia made by the Bank and will be used to finance the import of capital goods and equipment needed for development in the following fields: agriculture and forestry; road, rail and air transport; electric power and various other industries. The loan is for 15 years at 4¾ per cent per annum, including 1 per cent commission. Amoritisation will begin in March, 1957.

* * * * * * *

Pakistan's Grant-in-Aid to Provinces: The Pakistan Government has given sanctions to grants-in-aid to the provinces and other units of Pakistan, totalling Rs. 55.49 crores since the beginning of the financial year 1947-48 till the current financial year. On a unit basis of the total amount of Rs. 55.49 crores sanctioned as grants-in-aid by the Pakistan Government till the current financial year, allocations against the different units stand as follows: East Bengal Rs. 12 crores; Punjab Rs. 17.08 crores; Sind Rs. 4.71 crores; N.-W.F.P. Rs. 11.28 crores; Bahawalpur Rs. 67 lakhs and other areas including Karachi Rs. 9.68 crores.

* * * * * * *

Netherlands Foreign Exchange Holdings: The Netherlands Bank's net foreign exchange and gold holdings increased from f 3,660 million (U.S. $963 million) at the end of 1952 to f 4,445 million (U.S. $1,169 million) at the end of 1953. The 1953 total consisted of f 3,431 million ($903 million) gold and net convertible exchange holdings, f 822 million ($219 million) E.P.U. currencies (including the claim on on E.P.U.), and f 192 million ($50 million) other currencies. The largest part of the increase during 1953 was in gold, which rose by f 732 million ($193 million), to f 2,792 million ($734 million). At the end of December 1953, 77 per cent of the net foreign exchange holdings consisted of gold and net convertible exchange holdings, compared with 71 per cent at the end of 1952. On March 15, 1954, net foreign exchange and gold holdings had fallen slightly, to f 4,406 million ($1,159 million).

INDUSTRY

Mineral Advisory Board to Meet at Ranchi: The meeting of the Mineral Advisory Board was to have been held at Ranchi this week under the chairmanship of the Deputy Minister for Natural Resources and Scientific Research, Government of India. The Board consists of representatives of the Central and State Governments and the mineral industry, and will consider the Mineral Conservation and Development Rules, drafted under the powers of the Mines and Minerals (Regulation and Development) Act of 1948, and aiming at the conservation and ideal utilisation of national resources. The advisability of developing non-ferrous mineral deposits like copper, zinc and lead including the abandoned prospects, the necessity for the establishment of beneficiation plants in certain selected areas and the possibility of persuading private enterprise to set up ferro-manganese plants are to be considered. Suggestions relating to additional rail facilities for the movement of coal, the possibility of recapturing lost overseas markets, and changes in the procedure for the grant of mineral concessions will be studied by the Board.

* * * * * * *

Protection for Electric Motors Industry: The protection granted to the electric motors industry expires on December 31, 1954. The question of continuance of protection to this industry beyond December 31, 1954, is now under investigation by the Tariff Commission. In this connection the Commission has prepared questionnaires for producers, importers and consumers of electric motors. Firms, associations and persons interested in the inquiry may obtain copies of the questionnaire from the Secretary, Tariff Commission, Contractor Building, Nicol Road, Ballard Estate, Bombay 1. The Government is interested in knowing the interest represented by the party, i.e. whether the party is a producer, importer or consumer.

AGRICULTURE

More Trees Planted in U.S. Last Year: The Forest Service of the United States Department of Agriculture has reported that more trees were planted in the nation during the past year than ever before. A total of 715,600 acres were planted in 1953 as compared with 523,000 acres in 1952. U.S. forests cover a total of about 624 million acres. Foresters attribute the great bulk of the increase to a heavy expansion of tree nursery gaging their coming rice harvests and to promote Of the total planted last year, however, 574,000 acres were on privately owned land, planted by private forest owners, farmers and others who obtained their trees from the co-operative State-federal forest nurseries.

* * * * * * *

Progress of Co-operatives in Indonesia: Increased self help and co-operative activities in villages, have been noted of late, especially in West Java where villagers have succeeded in constructing 75 small dams to improve irrigation facilities for their rice lands. The necessary cost as well as labour for construction of dams was borne by the farmers themselves. Meanwhile credit-worthiness of farmers has also remarkably improved in East Java. Of over 10 million rupiahs loaned for a period of five years beginning late 1952, more than 70 per cent was paid back at the end of last year. Vigorous measures to eradicate the existence of money-lenders by helping farmers to immediately settle their debts, obtained through mortgaging their coming rice harvests and to promote modern methods of agriculture are being taken. In 1953 there were 66 villages having these centres, with a total membership of 3854 males and 2183 females.

* * * * * * *

China Harvests 165 Million Tons of Grain: The Chinese Ministry of Agriculture reports the harvest of 165 million tons of grain in 1953 surpassing the 1949 harvest by over 50 million tons. During 1952 the harvest was 163 million tons. Millet, Kaoliang and other coarse grains dropped slightly compared with 1952, but the fine rice crop made good the shortfall. Central-South China which produces one-third of China's grain contributed 6.4 per cent more. South-West China's harvest was 6.5 per cent higher, and in North-West China an 11.5 per cent increase was noted. It is reported that since the land reforms, peasants have stopped paying 30 million tons of grain to landlords, annually as rent. During 1953, peasants purchased 3.6 million tons of fertilisers and soya-bean cakes, together with large amounts of insecticides and sprayers from State trading concerns. Forty-three per cent peasant households are members of agricultural co-operatives, reporting a 25 per cent efficiency increase in production.

* * * * * * *

Determining Fertility of Indian Soils: A supplementary Indo-U.S. Operation Agreement signed last

week provides for additional technical assistance, equipment and supplies to assist in the further expansion of the programme for determining the fertility of Indian soils, evaluating performance of various fertilisers, and developing soil-testing services in the country. The laboratory at the Indian Agricultural Research Institute will provide training facilities for personnel; under the Agreement 16 State laboratories for soil-testing and one completely equipped mobile laboratory for use in river valley project and other special areas are to be established. The estimated joint cost of the project is $135,000 and Rs. 16,20,000. The U.S. contribution will be utilised for payments towards procurement and transportation of equipment and supplies to India, while the rupee expenditure will be used for outfitting laboratories, hiring personnel and other costs in connection with the project.

TRADE

Increases in Australian Wool Exports: Increases in the volume and in the total value of Australia's exports of greasy wool are shown in the official figures for the eight months ended February 1954. The shipments totalled 665,750,000 lbs., valued at £ (A) 248,494,-000, compared with 635,886,000, valued at £(A)222,-471,000 for the same months ended February, 1953. United Kingdom purchases were 184,883,000 lbs. compared with 238,561,000 for the previous period. France bought 115,057,000 lbs. (99,224,000); Italy 82,452,000 (58,945,000); Japan 59,856,000 (95,315,000); and Belgium and Luxemburg, 59,518,000 (43,783,000). In the scoured and washed wool section there was a reduction in exports from 44,655,000 to 40,547,000 lbs., carbonised wool was reduced from 11,275,000 lbs. to 9,437,000 lbs.; wool noils exports rose from 1,936,000 lbs. to 2,423,000 lbs., wool tops fell from 5,501,000 lbs. to 3,814,000, and the shipments of wool waste fell from 7,860,000 lbs. to 4,924,000 lbs.

* * * * * * *

Sweden's Terms of Trade Unchanged: Sweden's terms of trade remained practically unchanged during the first quarter of the current year, as compared with the October-December period of 1953, both export and import prices showing a slight increase, reports the Swedish Institute of Economic Research. The volume of exports showed the customary seasonal decrease during the first quarter, or by 24 per cent, although it was 6 per cent above the figure for the corresponding period of last year. Exports of timber, iron and steel were considerably smaller than in 1953, while an increase was noted for pulp and paper and also for ships. Imports dropped by 6 per cent in volume from the last quarter of 1953, the decrease mainly being accounted for by fuels, which were 24 per cent below the unusually high figure for October-December. Textile imports on the other hand, showed an increase.

* * * * * * *

Venezuela Oil Sales Reduced: Venezuela exported 96,423,000 cubic feet of crude and refined petroleum in 1953, being 3.08 per cent less than in 1952. The diminished exports are attributed to the Government's voluntary restriction of production begun in 1953, and still being enforced. The National Government controls oil production with a view to conserving resources. U.S. demand for Venezuelan oil was 6 per cent higher in 1953 than in 1952 and the present demand is even higher than for the corresponding period in 1953. European demand was 7 per cent higher in 1953 over 1952.

* * * * * * *

Tin Agreement Signed By India: The Indian High Commissioner in London recently signed the International Agreement on behalf of the Indian Government, bringing the number of signatories to four, the earlier ones being those on behalf of U.K., Belgium and the Netherlands. The Agreement, open for signature up to June 30, will come into force only if it has been signed uptil that date by at least nine consuming countries holding one-third of the votes allocated to consumers, and by producing countries holding at least 90 per cent of the votes allocated to producers. These four countries are those of consumers and the addition of India has raised the votes given in favour to 224 out of the 333 required.

* * * * * * *

Record Gunny Imports by Canada: Although Canada's imports of jute fabrics during January-October, 1953, ran to an all-time high figure of 71,250,000 yds. compared with 65,000,000 yds. for the same period in 1952, their value dropped to $7,079,480 from $8,370,725 during the 1952 period, reports the Indian Central Jute Committee. Canadian users, according to the Indian High Commissioner in Canada, recognise jute's value as the most satisfactory medium for heavy packaging, and the outlook for jute goods in Canada in 1954, given reasonable price stability, is most encouraging. But he feels than an energetic sales promotion compaign, aimed at re-educating users who turned to cotton and multi-walled paper-bags when jute prices soared to uneconomic rates, is urgently required. An advertising campaign directed to customers in the principal consumer markets, especially feed, seed, fertilizer, and potatoes, through the specialized trade publications is essential.

* * * * * * *

Quota for Exports of Tamarind: In view of the sharp rise in tamarind prices in the country, the Government of India has decided to bring this commodity under the purview of Export Trade Control Regulations and to regulate its export on quota basis with immediate effect. Export allotments will, therefore, on application, be granted to established shippers to the extent of 50 per cent of their best year's exports during any one of the three financial years ending March 1954. Shippers are advised to apply to the Export Trade Control authorities at the port concerned with evidence of past exports duly supported by Bills of Lading.

MISCELLANEOUS

Committee for Control of Leprosy: A Health Ministry-Sponsored Committee to consider steps for Leprosy Control has been set up in accordance with the resolution passed by the Central Council of Health at Rajkot in February 1954. The Committee will assess the problem, review anti-leprosy work with reference to facilities for treatment, isolation, training of anti-leprosy personnel and research, suggest solutions for the problem of inter-State migration of beggars suffering from leprosy, and recommend measures for further intensifying anti-leprosy work in States where the disease is a serious public health problem. The Committee will also study existing legislation dealing with leprosy, and make suggestions regarding the co-ordination of the activities of the Centre and State Governments and voluntary organisations; its report is to be submitted within six months.

* * * * * * *

Allotment of Evacuee Houses in Hill Stations: The Government of India have decided to invite applications for the quasi-permanent allotment of evacuee residential houses in certain hill stations to displaced persons towards settlement of their verified claims. These hill stations are in the Punjab, Bombay, Madhya Pradesh, U.P. and Madras. Certain priorities will be followed, e.g., the occupant of a house may have the first claim to allotment if the value of the house is covered or nearly covered by the compensation due to him. Similarly, persons living in the hill station or the district or the State in which the hill station is situated may have successive preferences over each other and over outsiders. Delhi will be considered as part of the Punjab and Uttar Pradesh, and P.E.P.S.U. of the Punjab. Those living in Delhi and P.E.P.S.U. will be entitled to priority over outsiders.

NEWS IN BRIEF

INDIAN

An official of the Ministry of Food and Agriculture, Government of India, is likely to represent India at the forthcoming International Wheat Conference to be held in London, sometime this month.

* * * * * * *

A four-man evaluation team is to visit India this month to make a survey of U.S. economic and technical assistance to India. According to the Foreign Operations Administration the team will visit key projects being carried out under the joint Indo-U.S. economic and technical programmes.

* * * * * * *

The Government of India has decided to set up a Central Rinderpest Control Committee, with its headquarters in New Delhi, in pursuance of a recommendation of the Planning Commission in this regard.

* * * * * * *

The Reserve Bank of India has decided to give short-term credit amounting to Rs. 25 lakhs to Mysore State to help agricultural operations and marketing of crops in the State. The credit amount might later be increased to Rs. 1 crore.

* * * * * * *

According to a notification published in the Gazette of India by the Ministry of Commerce and Industry, the Government of India has decided to permit import of crude sulphur of over 97 per cent purity under Open General License No. XXXI.

* * * * * * *

The Government of India has sanctioned Rs. 10 crores to develop inter-State roads, particularly in areas where transport facilities, do not exist. This amount is to be added to this year's budgeted figure of Rs. 27 crores for capital expenditure on National Highways under the Plan.

* * * * * * *

During April 1954, 1,11,311 unemployed persons registered themselves with Employment Exchanges for employment assistance, and 12,965 were placed in employment. The number of registrants still requiring employment assistance at the end of April was 5,26,290.

* * * * * * *

The Press Information Bureau of the Government of India reveals that the number of High Schools in India—employing in all an estimated figure of approximately 2,00,000 teachers—is about 10,000.

* * * * * * *

It is officially estimated that at the end of 1953 the money value of public co-operation in the community project areas amounted to nearly Rs. 2 crores.

* * * * * * *

American tourists and business travellers spend more than one billion dollars abroad every year, according to Trans World Airlines statisticians who have been campaigning to emphasize the importance of tourism. The average expenditure abroad by every American traveller is estimated at $771.

* * * * * * *

The Indian delegation to the 14th Session of the Trusteeship Council meeting at U.N. Headquarters will consist of Sri V. K. Krishna Menon, Sri Avtar Singh, Sri R. Jaipal, Sri R. Bhandari and Sri G. H. Jansen.

* * * * * * *

During the year 1953, the total amount of cloth produced by the Indian textile mills has been estimated by the Government of India at being approximately 5,000 million yards.

* * * * * * *

According to information released by the Government of India, the number of tubewells sunk since 1951 under the various schemes initiated by the Government of India is approximately 1,700.

FOREIGN

In the first three months of this year, the gross national product of the United States was running at an annual rate of $357,800,000,000. For the third quarter running, the figure was less than that for the preceding one.

* * * * * * *

Ceylon is negotiating for the sale of some 50,000 tons more of rubber to China than is stipulated in the rubber and rice agreement. The Ceylon Government is asking 28 pence per pound, which is 55 cents above the current world price. More than half the rubber has already been supplied.

* * * * * * *

The total number of cattle in the world at the beginning of 1954 was around 856 million head, 12 per cent greater than in 1947, the U.S. Department of Agriculture reports. The increase in 1953 was only 7 million, the smallest during the past six years.

* * * * * * *

The Sind Provincial Government in Pakistan are now working out details of the Kalri-Lakha Hydel Scheme. The Scheme envisages generation of power to about 10,000 Kwt. It is estimated to cost over Rs. 175 million and provide cheap electricity to surrounding areas.

* * * * * * *

North Rhodesian Exports to the U.K. last year were worth £39.856 million; exports to the Union of South Africa were valued at £2.789 million; and total exports to Commonwealth countries are £45.932 million. The U.S.A. bought £14.520 million worth of goods and raw materials from the territory in 1953.

* * * * * * *

Canadian farmers intend to reduce their wheat planting area this year by 1,000,000 acres to 24,587,100 acres, the lowest figure in six years. It is further reported that the cost of living is 11 per cent higher in U.K. and 50 per cent higher in France, than it is in Canada.

* * * * * * *

The United Kingdom and the Netherlands have completed discussions on arrangements for trade, still subject to bilateral quotas, providing mainly for imports of flower bulbs, confectionery, canned fruit, biscuits and processed milk into the U.K. and export of motor cars to the Netherlands.

* * * * * * *

The Portuguese Official Gazette has published a decree authorising the immediate issue, under the national six-year development plan, of an amortisable 4½ per cent internal loan of 68 million escudos in the Portuguese province of Santhome el Principe.

* * * * * * *

Russia, West Germany and Japan were recently admitted to the governing body of the 69-nation International Labour Organisation. They will have a permanent place on the organisation executive as leading industrial nations. The number of permanent places has been raised from eight to ten.

* * * * * * *

The biggest increase in Ceylon's external assets in recent years was registered during April 1954, at Rs. 724 million, and is due to the favourable balance of trade to the tune of Rs. 96.62 million for the first four months of the year.

* * * * * * *

Cotton experts from 30 countries, including India, are to meet at Brazil this month to discuss whether an international agreement will achieve the stabilization of world cotton prices and supplies. Recommendations will be made by members of the International Cotton Advisory Committee.

ORIENTAL

OFFERS 3 PLANS

TO ENSURE RELIEF FROM ESTATE DUTY

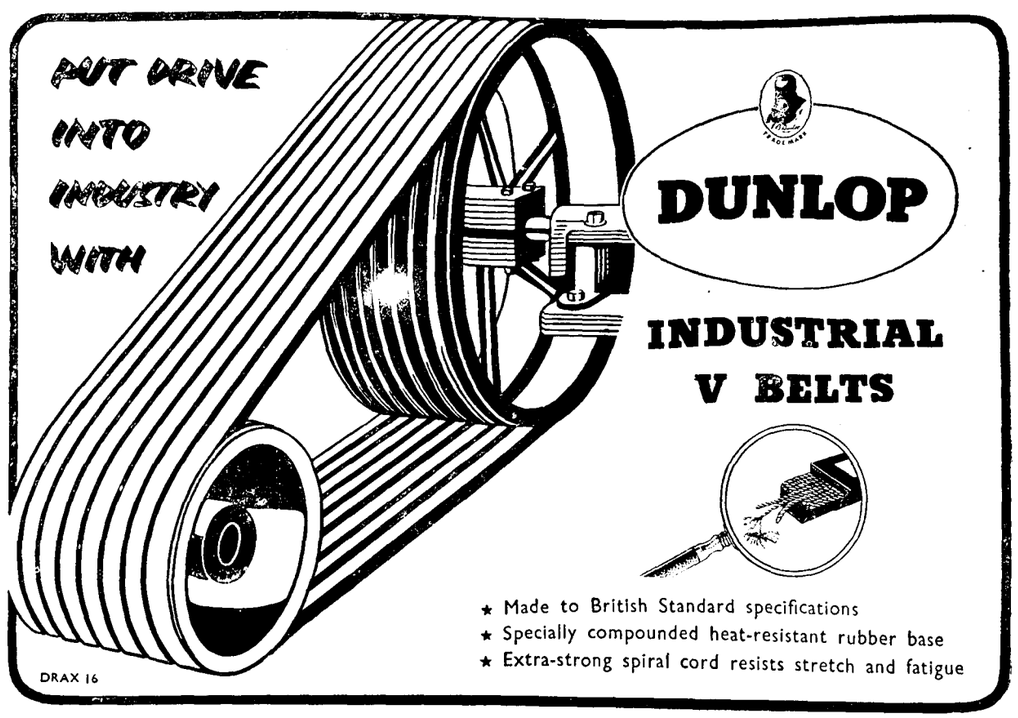
1. ESTATE DUTY POLICIES for the specific payment of Estate Duty, issued from age 18 to 60 nearer birthday. The proceeds of these Policies to the extent of the Duty payable but not exceeding Rs. 50,000 are exempted from Duty.
2. GIFT POLICIES: Issued from age 18 to 65 nearer birthday, our Two-Year Temporary Policies provide for payment of Duty on property transferred as absolute gifts, which for two years from the date of the gift, attract Duty.
3. MARRIED WOMEN'S PROPERTY ACT POLICIES: Issued from age 18 to 60 nearer birthday for the sole benefit of the wife and/or children, the proceeds of these Policies, under section 34 of the ESTATE DUTY ACT are not aggregated with the rest of the property, thus substantially reducing the incidence of Duty

Premiums under all our schemes have now been greatly reduced.

For the benefit of those with property which may attract Duty on death, ORIENTAL offers confidential advice on the best method of conserving their estates for their heirs. This advice is absolutely free and tendered solely in the interest of estate owners.

First name in Insurance *Last word in Security*

ORIENTAL GOVT. SECURITY LIFE ASSURANCE CO., LTD.
Transacting all classes of life assurance and annuities
ORIENTAL FIRE & GENERAL INSURANCE COMPANY LTD.
Transacting Fire, Marine, Motor, Accident, also specializing in Machinery Erection and Breakdown Insurance.
Head Office: Oriental Buildings, Bombay 1.
INDIA'S LEADING INSURANCE COMBINE



A Window On The World

PROFITS FOR PROGRESS

By

ODYSSEUS

ONE OF THE MORE IMPORTANT reasons why I doubt that a hundred per cent genuine Socialist state will ever come into existence is that it would be bound by its creed to eliminate profits and this would lead to a stagnant and dying nation. At this crude assertion, a hubbub of disagreement rises from Socialist friends in the audience. The word "profit" is anathema to them. Now, I believe that among the several reasons why it is anathema to them is that the average critic of Free Enterprise has hazy notions as to what profits are and no real understanding of the vital part that they play, not in robbing the wage earners of the surplus value that Uncle Karl said was created by their labour but in raising the wage earners' standard of living. Yes, sir, I said "raising the wage earners' standard of living". A contradiction in terms! snort the Marxists.

Before we can decide whether the suggestion that profits lead to a raising of the workers' standard of living is in fact the contradiction in terms that every good Marxist must say that it is, we must glance through a few of the more popular fallacies about the profits.

Professor D. M. Wright in his "Capitalism" distinguishes six items that are frequently confused with profits. This by no means exhausts the possibilities, but let us be content with his selection. First, consider the case of a man who owns his own business. He will often call "profit" what he puts in his pocket after covering all his expenses. But before letting him get away with that, an economist would want to know how much of it represented the wages of management. If his "profit" were Rs. 12,000 a year, and if the business were not owner-managed but were run by a limited company with a board of directors, certainly part of this Rs. 12,000, and quite possibly the whole of it, would have to be spent in employing a manager. So that what the owner-manager calls his profit might really only be the equivalent of what his competitors were paying their managers and he might not be earning a profit at all. Without realising it, he might be running his business at a loss. One instance of this would be if he could make not Rs. 12,000 but Rs. 15,000 a year by taking employment as the manager of a public company. Alternatively, his management might be so inefficient that he could increase his profits, or at any rate cut his losses, by giving up personal management himself and employing someone to manage for him.

In the same way, rent and interest are often confused with profits by small firms, by trade union leaders, and by wage-earners trying to make out the intricacies of a balance sheet. The man who owns his own premises, and who therefore pays no rent, may think that he is making a profit when all that he is really doing is to earn a sum equal to the rent that his competitors who do not own their premises have to pay. Likewise the profits of a man who invests his own money in his own business may earn enough only to equal the interest that he could expect to earn normally by its investment in someone else's business. If so, he is taking on the risks and the responsibilities of the management of his own business and is not being paid for them. In which case he had much better invest his money elsewhere and earn the same amount without the risks and the responsibilities.

ILLUSORY PROFITS

Then there are some profits which are really premia for special kinds of risks. Professor Wright instances the growing of cotton and rice on the South Carolina coast in the 1790's. In some years the planters made "profits" of 200 to 300 per cent. In others, owing to the incidence of hurricanes and other special risks of the trade, they made tremendous losses which might wipe out or reduce to a low average the previous "profit". Professor Wright classifies such "profits" as special risk premia to insure risks that are otherwise uninsurable and to induce a specially difficult kind of labour and production. Even if, on the average, such a risky industry may be earning 10 per cent above the average rate of return on more normal enterprises, Professor Wright argues that there may be no real profit. The test is whether the extra-high rate of return has any effect in inducing the risky industry to expand, for the difference in "profit" may be only just enough to offset the unpleasant or hectic nature of that particular type of venture.

We in India have reason to understand this type of risk insurance only too well: I refer to the fantastic "profits" made by some of the early merchant adventurers of the East India Company in the seventeenth century. What we often overlook is the large number of failures and the fantastic loss of lives that were experienced before the East India trade slowly began to take on the aspects of normal commercial enterprise. St. John's Cathedral Church in Calcutta stands on the site of the original cemetery of Job Charnock's settlement. To build the cathedral in 1784, the bones of no fewer than 40,000 people had to be removed from the old grave-yard. (I write these figures from memory, but you will find the exact statistics in the late Dr. H. E. Busteed's fascinating "Echoes of Old Calcutta".) For a city community which in that century never boasted of a population of more than a few hundred Europeans at a time, the percentage who survived to return home with their gains (well or ill-gotten) was small. At the beginning of the hot weather the European community, Dr. Busteed recounts, used to make their wills and take formal leave of each other as though standing on the brink of eternity, as indeed many of them were, and when the cold weather began, the depleted survivors used to give thanksgiving re-union parties. But I digress.

That inflation may also create illusory profits only too many entrepreneurs in too many post-World War I and II countries have reason to know. Rapid expansions of the currency may, for a short time, send prices up faster than costs, and you may think that you are amassing a fabulous profit, but the shock comes when you have to replenish stocks; then you may find that, with more money than before, you buy smaller stocks. The same argument applies to replacements. If at the end of twenty "profit-making" years, the amount of money set aside for replacing worn out plant or equipment is inadequate, you have not made the profits that you thought you had.

ANOTHER CLUE TO THE MAZE

We can now get down to consider what I suggest is another clue to the economic maze, and one of the basic facts to remember about the Free Enterprise system—the really important profit that an entrepreneur must be allowed to make is the marginal profit which just makes it worth his while to expand his business. The vital distinction is, in Professor Wright's terminology, the distinction between what he calls, on the one hand, "total" profit—the profit which you are

making out of equipment already installed, operating at a figure already budgeted for, and, on the other, "marginal" profit, which is the additional profit which you think that you could make by adding to your equipment or by stepping up the scale of your output.

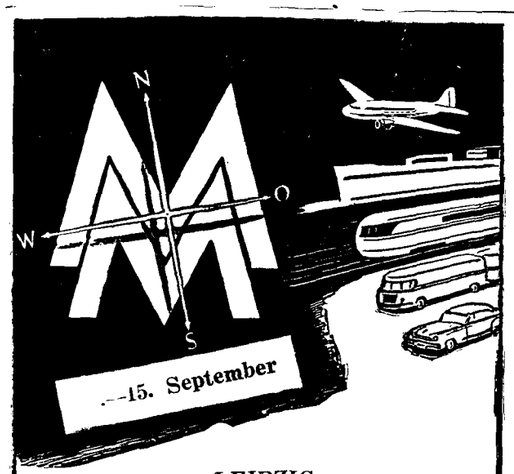
It is this marginal output that yields the marginal profit that leads to the expansion and growth of the economy, that raises the standard of living of the masses.

Here, I think, we put our finger upon the weakness of so many Socialist criticisms of company management. We have had some notorious examples in India. The government sees that a balance sheet reveals what looks like a comfortable surplus between debits and credits and, without stopping to enquire into depreciation, replacement, or other "illusory" items of "profit" (some of which we have glanced rapidly through above) decides that the company can afford an increase of wages all round and/or substantially increased expenditure on amenities for the workers. What the government has not calculated is the effect of such additional costs on the marginal profit that the company might make if it increased its output or erected another plant, or embarked on what looks like a promising side-line. If the newly imposed costs impede the company from putting money into a new venture, not the company alone, not its workers alone, but the whole economy, the whole of India, suffers a setback.

The fatal flaw in so much Socialist thinking is that they are so concentrated on re-distributing the cake that exists that they fail to see the cake that they might have. One is led to suppose that the Socialist motto is "Let us eat, drink, and be merry, for tomorrow we die"—and, looking round at one or two Welfare economies, some may think that this is rather a wry joke. The Free Enterprise motto—"If we refrain from eating and drinking all that we can today, we shall live all the merrier tomorrow"—sounds far too much like a Victorian text to have any appeal today. Yet who got rich quicker? We? Or the Victorians?

TAILPIECE FOR COMMON SENSE

That concludes my main argument for this week, but I add as a postscript this proposition for you to think over: an economy from which the possibility of all marginal profit has been eliminated would be static. It must die. In the real world, however, the most doctrinaire of party leaders are not such fools that they will obstinately uphold the party dogma when common sense dictates its modifiction or reversal. What they do is to find a new word in the party vocabulary to describe what the sensible thing is to do. I am therefore reasonably confident that the common sense of Socialist leaders will insist that some marginal profit be allowed to an industrial unit—why not call it "re-deployment of resources in accordance with a higher priority"?—and so some expansion will take place. But the question is: Which will allow a quicker rate of increase for the national income? An economy in which every entrepreneur is always on the look-out for chances of additional profit, on peril of losing ground and eventually going out of business, or an economy in which central planners sit in Professor Lionel Robbins' "smoke-filled committee rooms", trying to secure from an over-burdened minister approval for the compromise decisions that they have worked out between conflicting claims for priorities?



LEIPZIG
FAIR
1954
with Technical Fair

For information and details apply to:
Associated Chambers of Commerce of India
2, Clive Street, **Calcutta.**
Indian Chamber of Commerce
Security House, Netaji Subhas Road, **Calcutta.**
Indian Chamber of Commerce
13/73, Oppanakara Street, **Coimbatore.**
United Chamber of Trade Associations
Chandni Chowk, **Delhi.**
Madras Chamber of Commerce
Dare House, First Line Beach, **Madras.**
Federation of Indian Chambers of Commerce
& Industry, 28, Ferozshah Road **New Delhi 5**

LEIPZIGER MESSEAMT POSTFACH 329

THE CENTRAL BANK OF INDIA, LIMITED

(*Established December,* 1911)

Head Office: Mahatma Gandhi Road, Fort, Bombay-1.

Authorised Capital	**Rs.**	**6,30,00,000**
Issued Capital	„	**5,77,50,000**
Subscribed Capital	„	**5,76,66,125**
Paid-up Capital	„	**3,14,54,250**
Reserve Fund and Other Reserves ..	„	**3,99,79,642**
Deposits as at 30-12-53	„	**118,19,74,654**

DIRECTORS:

Sir Homi Mody, K.B.E. (Chairman)
Dinshaw D. Romer, Esq.
Chimanlal B. Parikh, Esq.
Framroze J. Gazdar, Esq.
Dharamsey Mulraj Khatau, Esq.
Cooverji Hormusji Bhabha, Esq.
Manmohandas Madhavdas Amersey, Esq.
C. P. Wadia, Esq.
H. C. Captain, Esq. (Managing Director)

Branches and Pay Offices in all important cities and towns of India, Pakistan, Burma and in London.

London Branch:
159, Fenchurch Street, London, E. C. 3

New York Agents:
The Guaranty Trust Co., of New York.
The Chase National Bank of the City of New York.

Banking business of every description transacted on terms which may be ascertained on application.

H. C. CAPTAIN,
Managing Director.

BOOK REVIEWS

THE MYSORE CENSUS REPORT

Census of India 1951—Volume XIV, Mysore: J. B. Mallaradhya, Census Commissioner, Mysore.

Mr. J. B. Mallaradhya, the Census Commissioner of Mysore, is to be congratulated on a Census Report which opens out many trends of stimulating thought and which provides some remarkable evidence on fundamental problems like over-population, optimum population, livelihood patterns, literacy and so on. This report, in some respects, has an even greater range than the Census Report of the Union Government which has attracted considerable attention.

The first portion of this Report discusses the pattern of population growth. On page 29 the question is asked whether Mysore's recorded Census history conforms to Pearl's Logistic Law as described in a mathematical equation. The answer is: "If we took the phrase 'slow rate of population increase' literally and employed growth-rates to derive the value of population then the Mysore increase certainly would not conform to the logistic pattern, for while Pearl's equation yields a smooth curve which looks like a banister, the Mysore rates would yield what may be called a bastard parabola. If we go by actual increases on the other hand, we do get a curve which, if it is not exactly a blood brother of the logistic, can, at least, be regarded as its first cousin."

Special interest attaches to the chapter described under the head: "Are we too many?" Although it probably under-estimates the capacity of new techniques in the short period to change the trend of real incomes, it is full of realism. There are, perhaps, more points of controversy here than in any other portion of the Report. Assuming that Government will not subsidize contraception, the Census Commissioner concludes: "The long and the short of the argument is that artificial limitation of family is not financially a feasible proposition, even if it can be regarded as medically and morally acceptable."

The appendices to the Report contain information which is abundant and cries out for research work on a large and penetrating scale. It is sincerely hoped that the University of Mysore will not fail to accept this challenge.

LABOUR LAW REPORTS

Companion Volume to the Digest of Labour Law Cases: By V. B. Kher: Thacker & Co., Ltd., Fort, Bombay: Price Rs. 22/8: Pp. 698.

As the title indicates, this digest of decisions under the various labour laws is a supplement to an earlier volume, incorporating all decisions up to March, 1953. The decisions of the Appellate Tribunal have been brought up to July 1953. The decisions under the Bombay Industrial Relations Act, 1946, are indexed in a seperate part. The pronouncements of the Labour Appellate Tribunal are separately arranged, though it would be more convenient to have included them under the respective subject headings pertaining to the Industrial Disputes Act, Payment of Wages Act and Standing Orders Act. This digest has been carefully edited and the compilation has been made in a manner which facilitates easy reference to the principles laid down by the courts and the tribunals.

PROBLEMS OF THE SUGAR INDUSTRY

Sugar Industry: Annual Number: March 1954: Published by The Indian Sugar Mills Association, 23-B, Netaji Subhas Road, Calcutta: Price Rs. 3.

This second annual number of the journal since the Indian Sugar Mills Association took it over gives within a compass of 120 pages much useful information about the current problems of the industry and also includes surveys of its growth in the course of the last fifty years. The broad scheme of this special number is to devote the major part to a discussion of the economics of the industry. Other important topics including technology and research, sugarcane plantation and its requirements, and ancillary industries also get their due share of analytical description. It makes a valuable contribution to the current literature on the industry.

INDIA—1954

India—1954: The Publications Division, Ministry of Information and Broadcasting, Government of India, Old Secretariat, Delhi—8: Rs. 7/8.

This reference book, the second in an annual series, was compiled by the Research and Reference Division of the Ministry of Information and Broadcasting, and each of its nearly 500 pages is compressed with information. In India where Economic Almanacs and Reference Books are a rarity, and those that are on the market carry a prohibitive price tag, **India—1954** should deserve appreciation and a wide readership.

The thirty-one chapters of the book cover a wide range of topics. There is a chapter on the Indian Constitution; and others on Labour, Commerce, Public Finance, Scientific Research, etc. Some eleven pages of this book are devoted to the Five-Year Plan. The maps are rather well done, and the printing is of a good standard as is the appearance of the volume.

Considering the assets of this book and the price, Rs. 7/8, it is hoped that **India—1954** will enjoy a vast circulation. The Research and Reference Division of the Ministry of Information and Broadcasting is to be heartily congratulated for this.

CHEMICAL PRODUCTION IN INDIA

The Economics of Chemical Production: A. K. Madan: Published by Scientific and Technical Publications, Swastic Chambers, Carnac Road, Bombay—1.

This excellent little book describing the problems of the Chemical Industry in India may be said to have struck a new path in description. Its exposition has been concise on fact, and there are elements of analysis which make it a good critique of various problems which affect the industry such as its location, the problem of transport, and the large issues of economic and trade policy. The author who is stated to be a young chemical engineer and industrial economist has certainly been successful in his first book.

There are numerous graphs in the text to illustrate development of production of various items in which chemicals are used and these are supplemented by an excellent appendix which contains all the necessary statistics arranged so as to give information from 1946 to 1952 in most cases. The import tariff in Appendix C is also useful for reference.



A DELHI DIARY

BLESSED ARE THE STORMS

THE most important event this week was—the thunder-storm on Tuesday night! It arrived quite unexpectedly and was followed (most happily!) by a shower which has kept the temperature relatively low for three whole days. Only a break such as this could have given heart to the people of New Delhi (whose daily exacting round of toil was proving impossible) and to the people of Old Delhi, whose supply of water was becoming niggardly and infrequent. It seems strange that one should be able to turn to the weather and find in its vagaries more interesting information than in Geneva Conferences, Jagirdari Abolition Schemes and (threatened!) amendments to the Constitution. I take this strange perspective as a measure of the endurance that the previous ten days have placed on us. Nothing in Delhi mattered—except the temperature! Now, however, that the temperature has obliged, my mental faculties are beginning slowly to take in other things.

THE WATER FAMINE

Delhi's water supply problem has now entered the field of—statistics! Throughout the week, figures have been shot at one another, with the (usual?) result that nobody is any the wiser. It seems that, in 1947, Delhi's water supply was 28 million gallons per day; today it is 35 million gallons, whereas the appropriate figure for the increased population is computed to be 60 million gallons per day. No one seems to be stirring adequately to meet the deficit, or bridge the gap, and here (unhappily!) no deficit financing is possible. That, as the economists say, is the production problem. But since no economic problem can possibly be complete without a suitable distributional component, there is added, for the special delectation of the economist or the political-economist, a quite vicious distributional problem.

This has been expressed (not very tactfully!) by describing New Delhi as the "favourite wife" of the Government of India. It appears (reference to statistics again) that New Delhi with a population of just 300,000 gets 16.5 million gallons of filtered water plus 32 million gallons of unfiltered water against 25 million gallons of filtered water for 1.2 million people in the old city. My first comment on these figures is that they do not add up to the 35 million gallons which Delhi was supposed in the first instance to be getting. The total water supply according to these figures would appear to be $16.5+32+25=73.5$ million gallons which seems to me greatly to exceed the 60 million gallons required. However, this is (only!) a statistical error. The important point, from a distributional point of view, is that New Delhi is lavishly treated while Old Delhi is on the brink of a water famine. I agree entirely that this situation in this age of equality is intolerable. But who is to bell the cat, which, in this case, is the Central Government? Will it disgorge its ill-distributed wealth in order to accord with that fine doctrine of equality, which it preaches so readily to the rich or even moderately prosperous? I am ready to wager my (declining) reputation on the proposition that what is sauce for the goose is not sauce for the gander. New Delhi is quite insensitive to the cries of the old city and, as far as I am aware, nobody has yet taken note of the suffering that has taken place just two miles outside New Delhi limits.

The Delhi Municipal Committee blames the Joint Water and Sewage Board. The Delhi State Government blames the Delhi Municipal Committee. The Joint Water and Sewage Board merely states that the Delhi Municipal Committee did not ask for more water. From the Board's statement one might deduce that the water was there all along, only it has not been asked for! And thus the production and distribution problem have got firmly embedded in politics! And for every political problem in the country there is only one solution. That is to call in the Prime Minister. One hopes sincerely this will be done, putting the cat (which needs to be belled!) well among the pigeons!

THE PARIS TALKS

What is happening in Paris? In the middle of last week there was a report that the negotiations had broken down almost immediately; afterwards there seems to have been a new determination to reach agreement. At the time of writing I am still not in possession of any final information but I argue that where there is life there is hope. It seems to me that the stakes for France are so insignificant (except for prestige with a capital 'P') that an agreement cannot really be long in coming. One sincerely hopes that we will not have to enter on another Cold War. It seems to me that one Cold War at a time is at least one too many!

ENTER—THE LAW!

Last Friday my interest moved off politics and (strange to relate!) settled on Law. The proximate cause of this unusual choice was the Supreme Court's judgment on the Income Tax Investigation Commission Act. I regret to say that my income is not large enough to tempt me to be a tax-evader, and (by this merciful provision) I have happily escaped the rigours of investigation, now being described. Until this judgment appeared I do not believe that there were many people in the country who appreciated how arbitrary the proceedings of the Commission were in respect of the absence of an appeal and the difficulties in the way of the assessee in regard to the inspection of documents. I except only the assessees had appreciated fully the rigour of the proceedings. But even they seem to have maintained exemplary silence possibly, like the toad beneath the harrow which knows how deep each tooth-point goes but probably has not the audacity to croak!

This judgment, interesting primarily as an expression of the final liberal outlook of our Supreme Court, has sent people scurrying in the Finance Ministry. Rumour has it that the Chairman of the Investigation Commission is leaving Delhi on Friday in order to confer with the Finance Minister who is at Bombay. And thus the Finance Minister has not won his recess after all!

I expect there is reason enough for excursions and alarums in the Central Board of Revenue, though it is not clear to me exactly on what it is based. I gather (from a preview of an article in "The Eastern Economist"!) that the revenue which the Income Tax Investigation Commission is bringing in is exhibiting that familiar and distressing symptom of disease described as the Law of Diminishing Returns. Can it be that the steeper the rate at which this law operates, the more anxious one is to keep what one is getting? Will the Finance Ministry hang on like a limpet, or let go like a lamb? Let us wait and see.

ARGUS.

SPECIAL ARTICLES:

THE JAPANESE METHOD OF RICE CULTIVATION IN BOMBAY

By

H. G. PATIL, Officer on Special Duty, Scheme for Intensive Cultivation of Paddy by Japanese Method, Bombay State, Poona.

(I) INTRODUCTION

THE Japanese Method of Paddy cultivation was first tried during 1952-53 season at the Agricultural Research Station, Karjat and Government Agricultural School, Kosbad, in comparison with the local method and on the basis of the results of one season, it was seen that there is a great possibility of increasing the yield of paddy per acre, by judicious manuring and careful cultivation. This method was tried by the Kora Gramodyoga Kendra by a few progressive farmers and they also got encouraging results in the Bombay State. In this method, as more emphasis is laid on higher dozes of fertilizers, it was recommended only where sufficient water supply was assured.

A special scheme for popularising the Japanese method of paddy cultivation with some modifications to suit the local conditions was sanctioned by Government. The writer was deputed to Japan to study rice cultivation and has now been appointed as the Officer on Special Duty to supervise the work of the scheme. The scheme was started from 1st May, 1953, and made applicable to 18 paddy growing districts of the Bombay State having sufficient and assured water supply.

(II) WORKING OF THE SCHEME

In all, 3498 demonstration plots were arranged on the cultivators' fields in 18 important paddy growing districts to demonstrate to the cultivators the improved method of paddy cultivation.

The results of these demonstration plots are given at the end of the article.

The main features of these results are enumerated below:

(1) The yield of paddy by Japanese method viz. 4453 lbs. per acre appears to be the highest in Nasik District as compared to the yields obtained in the other districts of the State.

(2) The per cent increase in yield of paddy cultivated by the Japanese method over the local method calculates to 57.6 per cent and that in the case of straw, it is 18.5 per cent only.

(3) The proportion of paddy to straw as calculated from the average of the districts by both these methods comes to:

(a) Japanese Method: 1 to 1.5.

(b) Local Method: 1 to 2.

(4) The seed rate used by the cultivators under Japanese method was 12 lbs. on an average and that used under local method was 36 lbs. The proportion of seed rate to yield per acre under these methods calculates to:

(a) Japanese Method: 290 times the seed rate.

(b) Local Method: 61 times the seed rate, approximately.

In addition to the 18 districts as above, other districts also voluntarily participated in this scheme and have altogether brought under Japanese Method of paddy cultivation an area of 6440 acres and 11 gunthas, which gave an additional production of approximately 72,179 B. Mds. of paddy.

(III) GENERAL OBSERVATIONS ON THE ITEMS OF CULTIVATION OF PADDY

Its cost of cultivation etc., by the Japanese Method as recorded from the experience gained by the cultivators last year:

(1) **Raised seed bed:** The cultivators were convinced of the importance of the raised seed bed because they could observe that the seedlings in the rabbed areas and flat beds were badly damaged and suffered due to heavy rains and water logging while the seedlings on the raised seed beds were not at all affected but on the contrary, they were very vigorous and healthy.

Besides the seed rate required was also about 10 to 15 lbs. as against 30 to 40 lbs. used by the cultivators at present. This effected saving of food grains to a considerable extent.

(2) **Transplanting of seedlings:** With the Japanese method of transplanting only 4 seedlings per hill the cultivators have observed that they grew more freely and gave better tillers and all the same the seed rate was also reduced.

(3) **Transplanting in straight rows:** The cultivators have appreciated the system of transplanting the seedlings in straight rows as this method has got manifold advantages. The operations of weeding, interculturing, manuring, spraying etc., could be done quickly, effectively and with ease. Since this method took some more time in the beginning and as the cultivators were always very anxious to complete the transplanting operations as early as possible, they seemed to be very slow in adopting this method of transplanting the seedlings in straight rows.

(4) **Interculturings:** Since it was advised to interculture the paddy crop 2 to 3 times, in order to check the extra growth of the plants to encourage tillering and to develop a good root system thus indirectly preventing lodging to some extent, it was observed that the cultivators were apprised of the improved method and accordingly they liked to interculture their crop frequently.

(5) **Application of fertilisers:** Small but repeated dozes of fertilisers were advocated in the Japanese Method. Many cultivators did not give complete dozes of manures and also interculturings and hence their yields were found to be proportionately less.

It has however now been borne in mind to adjust the dozes of fertilisers, manure mixtures etc. according to the suitability of the tract.

(6) **Collection of costing data:** A proforma for collecting costing data of the Japanese method and the local method of paddy cultivation was supplied to all the District Agricultural Officers concerned and much of the information of the previous season is on hand. Similar information is to be collected this year too on supply of the necessary proformas to the District Agricultural Officers.

(7) **Cost of cultivation of paddy by Japanese Method and by local method:** A comparative study of the cost of cultivation of paddy by the Japanese Method and by the local method as derived from the figures

available from the proformas of the individual cultivators of the district is appended in the table below.

It is further interesting to study from the proformas of the various districts the comparative cost of cultivation of paddy, its outturn, net profit per acre etc. by the Japanese Method and the local method and the observations derived from such study are as under:

(1) Cost of cultivation:

(a) by Japanese Method: Rs. 275-12-2 per acre,

(b) by Local Method: Rs. 160-3 per acre.

(2) Outturn:

Paddy (a) by Japanese Method: 3477 lbs. per acre, its price @Rs. 12-2 per B. Md. is Rs. 526-15-9.
(b) by Local Method: 2205 lbs. per acre. its price @Rs. 12-2 per B. Md. is Rs. 334-3.

Straw (a) by Japanese Method: 5,410 lbs. per acre its price @ 100 lbs. per rupee is Rs. 54-1-6.
(b) by Local Method: 4,565 lbs. per acre its price @ 100 lbs. per rupee is Rs. 45-10-3.

Total income (a) Japanese Method Rs. 581-1-3.
(b) Local Method Rs. 379-13-3.

Net profit per acre (a) By Japanese Method Rs. 305-5-0.
(b) By Local Method Rs. 219-10-3.

The net profit per acre by the adoption of the Japanese method of paddy cultivation is more than the profit realised by the adoption of local method by Rs. 85-10-9 only which is appreciable.

It is hoped that the above results will certainly help all the District Agricultural Officers to explain to the cultivators the economic aspect of the scheme and as such it will help in popularising the scheme amongst the masses to a considerable degree.

(IV) DEMONSTRATION, TRAINING CLASSES, ETC.

(1) Demonstration Plots

Numerous demonstration plots were laid out and demonstrations arranged in various places of the Bombay State by the Agricultural Department which were attended by large numbers of cultivators, social workers, officials, etc.

(2) Training Classes

Similarly training in the Japanese method of cultivation was arranged for the departmental workers as well as for cultivators and non-officials at the 14 Rice Research Stations in the State; a long-term course of training for 6 months was specially arranged at the Agricultural Research Station, Karjat, for the benefit of the trainees from outside the State. In all, 1,662 trainees in the short-term course and 9 trainees in the long-term course received training during the year 1953-54.

This year it is proposed to give training to the cultivators, social workers, etc., in a short-term training course which will be of 12 days duration consisting of 2-days classes in the months of April, May, June, July, August and October. In each month the classes will be run for 6 days so as to enable to train 3 batches of trainees. In each batch (2 days) 20 to 30 trainees will be admitted. So during the course of short-term training about 60 to 90 persons can be trained in all at each Research Station. There is also a long-term training course of 6 months opened this year for outside State trainees.

(V) PROGRAMME FOR THE YEAR 1954-55

The following programme has been fixed for the year 1954-55, under the scheme for the intensive cultivation of paddy by Japanese method.

(1) Laying out 15,000 demonstration plots for demonstrating the Japanese method of paddy cultivation to the cultivators.

(2) Extending the area under paddy to be cultivated by Japanese method to the extent of one lakh of acres.

(3) Granting of tagat loans to the paddy growers out of the total grant of Rs. 50 lakhs sanctioned by Government.

The reason why the number of demonstration plots has been increased this year to the extent of 15,000 is that more number of cultivators should be able to take the advantage of such demonstrations and secondly that the cultivators should be induced to adopt this improved method of paddy cultivation, in order to increase the total output of paddy.

A comparative study of the cost of cultivation of paddy by the Japanese method and that by local method together with the out-turn and profit per acre.

S. No.	Name of the District	Yield per acre in lbs.		Profit per acre in rupees	
		Japanese method	Local method	Japanese method	Local method
1	2	3	4	5	6
1.	Thana	3,585	2,544	369 7 3	234 1 0
2.	Kolaba	3,692	2,739	428 0 0	315 0 0
3.	Nasik	4,453	2,210	425 6 7	318 1 0
4.	Ahmednagar	3,462	2,188	389 12 0	170 1 0
5.	North Satara	3,206	1,377	300 3 6	95 8 10
6.	Ratnagiri	3,563	2,762	338 3 6	200 13 6
7.	Surat	3,277	1,802	292 12 0	155 8 0
8.	Kaira	3,076	2,947	315 2 3	244 4 6
9.	Panchmahals	4,119	2,204	523 11 0	305 12 4
10.	Broach	3,647	1,694	395 1 6	134 13 3
11.	Ahmedabad	4,334	3,667	635 9 7	588 2 1
12.	Baroda	3,866	2,446	397 12 0	290 7 4
13.	Poona	3,013	1,807	265 0 0	164 0 0
14.	Kolhapur	3,060	2,153	345 9 6	198 7 1
15.	Dangs	2,021	1,516	150 1 7	15 9 2
16.	West Khandesh	2,148	441	230 6 0	54 11 0
17.	East Khandesh	2,807	..	171 15 8	..
18.	Belgaum	4,445	2,478	454 0 9	259 1 6
19.	Karwar	3,687	2,722	270 8 1	209 4 8
20.	Dharwar	4,089	..	307 0 8	..
	Grand Total	69,550	39,697	7,006 6 6	3,953 10 4
	Average of the Bombay State	3,477	2,205	305 5 1	219 10 4

N.B.:—Figures of the local for East Khandesh and Dharwar districts are not available.
The average figures have been arrived at by taking the proformas of the districts at random.

INDEX OF COMPARATIVE COSTLINESS

(Contributed)

THERE is an interesting article on "Index of Comparative Costliness and Its Role in Wage Fixing" in the March 1954 issue of the "Indian Labour Gazette". Information about the comparative costliness of different towns in India is based mainly on impressions, and a scientific discussion of the subject is welcome. The article has done the service of drawing attention to the subject but we are afraid it betrays a lack of proper grasp of the fundamentals of the problem and a lot of loose thinking. The procedure finally suggested is that, "the first step in the maintenance of a series of index numbers of costliness is to prepare common lists of commodities for each set of two centres taken for purposes of comparison," and that 'it should be ensured that the varieties and specifications of articles included in the list for each set of two centres are comparable, if not identical'. These conditions of uniformity in the list of commodities and their 'varieties and specifications' (as if the word 'specifications' does not cover the term 'varieties') prescribed here directly contradict the concept of comparative costliness, which is clearly stated in the beginning of the article in the usual terms. The concept is correctly reiterated in the well-known poser, "Supposing a worker in Bombay used to a certain standard of living lives in Delhi maintaining that standard, will it cost him more in Delhi than in Bombay?". This implies that the Bombay worker carries his consumption habits to Delhi. Actually, some adjustment in the Bombay consumption schedule may be forced on the worker by the price structure and non-availability of the specific varieties of commodities consumed when in Bombay. On coming to Delhi, the Bombay worker would almost certainly modify his consumption schedule in view of the environmental conditions in Delhi, e.g., climate, customs, etc. However, in estimating relative costliness of the two places, it is usual to keep, as far as possible, the Bombay consumption schedule unchanged, even when the worker is in Delhi. It is difficult to follow how after enunciating the problem in clear terms as above, one can take the suggested procedure as compatible with the fundamentals of the problem. The proposed procedure is exemplified by Delhi-Bombay and Delhi-Calcutta comparisons. In connection with the preparation of a common list of commodities, it is stated that "the commodities that had to be left out are generally of minor importance." This, however, is not borne out by the data given in Appendix A; for instance, the common list in the food group accounts for 75.88 per cent of the group expenditure in the case of Delhi and only 55.06 per cent in the case of Bombay. A similar situation is shown by the other groups.

The basic average budgets, on which the cost of living index numbers for any two centres may be based, may not conform to the same standard of living. This factor vitiates a study of the relative costliness by means of the ratio of cost of living index numbers, even if the base periods be the same and the basic budgets be taken to reflect the current family consumption pattern. There are differences in the tastes and needs of even the same group of people, working classes, say, living at different places. Beyond the fact that the contents of living at two places for the same group of people at the same standard of living are different, our knowledge of the precise constituents of the same standard of living at two places is very incomplete indeed. Hence, it is that an objective study of comparative costliness aiming at measuring the "extent the actual cost of maintaining a certain standard of living at any one centre differs from that in another" is made by evaluating the cost of the average family budget of centre 1 in terms of the prices of centre 2 and vice versa. This leads to the usual two expressions of comparative costliness, viz. $\frac{S(p'' q')}{S(p' q'')}$ and $\frac{S(p' q')}{S(p'' q'')}$ where p' and p'' stand for the current prices at the two centres and q' and q'' the current quantities consumed at these centres, and not base quantities, as laid down in the article.

The index Ic given in the article is the geometric mean of the product of one expression and the reciprocal of the other. As is obvious, the two expressions of comparative costliness given in the preceding paragraph are not, in general, reciprocals, but, if the consumption patterns at the two centres are not very different, they would give nearly reciprocal values, and their product will be nearly unity. In such a case, Ic would be the square root of the product of practically two equal numbers and hence not inappropriate for fixing one precise value to an index, for which two slightly differing values are obtained by different approaches to the problem. Obviously, this does not hold, when the two values differ substantially, as seems to be realised in the article. This would be the case when the consumption patterns differ materially. Thus, in view of the likely similarity in the consumption patterns, the square root expression for Ic may not be inappropriate when two centres within the same region are being compared, but in case they are situated in two different regions, the expression is of doubtful applicability. This limitation takes away practically the whole case for the formula. In the circumstances, the proper expression for measuring relative costliness of centre 2 with centre 1 as base is $\frac{S(p'' q')}{S(p' q')}$ without going to the square root expression. In case the square root expression is valid, this expression gives practically the same result, but when the former is misleading, it is the correct one. This expression is not reversible with $\frac{S(p' q'')}{S(p'' q'')}$, the counter expression for costliness of centre 1 with centre 2 as base, since, in general, one is not a reciprocal of the other, but this lack of reversibility is inherent in the problem. Due to the differences in the contents of living of the working classes at the two places, it is possible that a Bombay worker may not find Delhi cheaper to the same extent as a Delhi worker would find Bombay dearer. This position clearly requires different indices of costliness according as whether centre 1 or centre 2 forms the base of reference. It is incorrect to combine the two indices into one with a view to securing mutual consistency, as has been done in the article.

The essential requirement of the problem is that the current prices p' and p'' at the two places should relate to the same period and q' and q'' should reflect the current consumption. Actually, the weights assigned to the various articles of consumption will usually be based on the results of the available family budget enquiries at the two centres and it would be assumed that they still reflect the current consumption. If only this is granted, it is irrelevant to bring in base periods any more, only the current prices at the two centres need be obtained. It appears to be due to the failure to grasp this fundamental requirement of the problem that uniformity in the list of articles and their specifications is laid down in the article.

It may give school-boy's satisfaction to transfer the index of costliness to a ratio of indices as given in the article, but the actual significance of the various terms is lost behind symbolism. The term S(p'' q') should be the sum of the products of prices at centre 2 and consumption at centre 1 covering all items of the average family budget and similar remarks apply to S(p' q''). In the actual calculations given in the article, the ordinary cost of living index numbers I_1 and I_2 cover all the items of average family budget but an amazing disparity persists in the calculation of the comparative indices I_{12} and I_{21}. For instance, the data in Appendix A show that in the case of Delhi-Bombay comparison, I_{12} and I_{21} respectively cover 75.88 per cent and 55.06 per cent of expenditure in the Food group, 93.49 per cent and 95.02 per cent in the Fuel group, 34.88 per cent and 61.81 per cent in the Clothing group, 71.70 per cent and 25.74 per cent in the Miscellaneous group. There is a similar disparity in the percentage expenditure covered in the case of Delhi-Calcutta comparison. Though the results are based on such glaringly different and inadequate percentage coverages, it is asserted with some air of conclusiveness that "compared to Delhi, Bombay was 30 per cent costlier in December 1953 and Calcutta 7 per cent costlier". This, coming as it does from a Government of India publication, is likely to succeed in misleading the public into believing in it.

The article proceeds on to advocate compilation of an all-India index of costliness. In concrete terms it suggests that such an index may be built up by taking a weighted average of the individual indices of costliness for centres like Kanpur, Bombay, Calcutta, Nagpur and Madras with Delhi as base. It is difficult to appreciate the significance of such an index. Relative costliness at different points of time for India as a whole due to price movement is supposed to be measured by the all-India cost of living index number. Spatial comparisons of costliness of India as a whole have to be made in terms of the costs at an outside place. The proposed all-India index of costliness having an internal centre Delhi as the base would seem to have no physical significance. It is stated that different scales of pay for the same job in different localities may be fixed having regard to their costliness. For this "a knowledge of how the indices of costliness for different localities stand in relation to an average all-India index of costliness" would be required. This is a queer way of arguing in a circle. First an all-India index is to be obtained from the indices of individual centres and then indices for individual centres are to be compared with the average for getting relative costliness of the centres. It is not stated what prevents a direct centre-to-centre comparison, which is all that the problem requires. This problem, at least does not require an average all-India index of costliness.

A similar unrealistic approach, divorced from the physical facts of the case, is shown in the discussion of the problem of regulation of wages. Relative costliness of places should theoretically be one of the considerations in fixing wages for the same type of job at different centres. However, more important factors such as availability of labour and its bargaining power, state of industry, etc, completely swamp this issue. At least, in so far as wages are concerned, the relative costliness of centres remains only a nicety. The expressions of the type given in the article may please the mathematician but have little place in an actual solution of the problem.

While exposing the faulty approach in the article to the problem of compiling indices of comparative costliness, it should be emphasized that the problem is important enough and needs a scientific and sound study. It is, obviously, superfluous to aim at monthly series of index numbers of costliness, as suggested in the article, but periodical investigations into the problem and publication of authentic results are definitely called for.

A New Book

For the Library and the Connoisseur of Art

SKETCHES OF GANDHI

By

FELIKS TOPOLSKI

A unique collection of 24 sketches and two four-coloured paintings of Mahatma Gandhi by the famous Polish artist. Embellished with rare quotations from Gandhiji.

Price Sixteen Rupees **Postage extra**

THE BUSINESS WORLD

WORLD GRAIN PRICES

The forthcoming meeting of the International Wheat Council this month will be held in interesting circumstances. That there is a glut in wheat is now commonplace, but the three circumstances which the Wheat Council will have to review are:

(i) th diminished purchases under the I.W.A.,

(ii) the accumulation of stocks with the C.C.C. in the United States, and

(iii) the future of international commodity agreements.

There have been several interesting developments recently.

The position regarding wheat sales is set out in the following table:

(In thousdans of bushels)

	1952-53 Quotas	1953-54 Quotas	1953-54 Offtake for six months
Ceylon ..	180	280	206
Cuba ..	202	202	82
India ..	1560	1000	9
Indonesia ..	100	170	67
Japan ..	500	1000	850
South Korea	0	40	..
Philippines	196	236	100

Comment on these figures seems to be needless. India, it will be seen, has been a poor buyer and there being no obligation to buy, she has intimated to the Council that she is not buying.

The United States' own position is even more embarrassing than that of the I.W.A. Council. On February 28, 1954, the United States held about 915 million bushels on non-recourse loans and in inventories. This year's crops being good, the domestic supply is expected to be the highest in history. The case of corn has been the same as the case of wheat—763 million bushels were held at the end of February, 1954. These record surpluses—the grain deteriorating after two and a half to three years—have meant that the British have held off corn purchases in the hope that the United States would export at cut prices, that the C.C.C. is accepting payment in foreign currencies, which it hopes later to spend on financing rearmament and that ways and means of selling a billion dollars worth of food and fibres have had to be devised.

The question of international commodity agreements is of relevance for three reasons:

(i) a world conference has been meeting at Nairobi, being convened by the International Federation of Agricultural Producers,

(ii) the United States has implemented the new farm policy regarding butter from the 1st April this year, and is due to introduce the new parities for wheat and corn from the 1st January, 1956, and,

(iii) the International Wheat Agreement is to expire at the end of July 1956.

Allan Kline of the American Farm Bureau Federation, who has been leading the opposition to international controls and the creation of buffer stocks at Nairobi has been pressing the case for a policy which is substantially the same as that recommended by the Randall Commission, namely, free trade and parallel action by national governments. The American Farm Bureau, which has sent delegates to the Nairobi Conference, believes, for example,

"The limited benefits and difficulties encountered in operating the International Wheat Agreement do not give a basis for optimism for the use of such agreements for many other commodities.

"Experience to date indicates that successful solution of individual commodity problems requires broader international actions to create improved conditions of trade."

The compulsion of circumstances is great. Chicago wheat prices are drifting downwards. Britain is outside the wheat agreement and has not done badly out of it. The Randall Commission has declared itself against international agreements; and inside the U.S.A., if the obligations of support programmes are embarrassing, the attraction of flexible policies—butter at 45 cents, for example—are proportionately greater as the C.C.C. is straining against its statutory borrowing limits. Above all, for the sixth year in succession, the Soviet Union has effected a cut in prices, the cuts announced at the end of March 1954 being eight per cent in the case of rye bread and five per cent in the case of wheat bread, macaroni and wheat and rye flour. There is no doubt about it that for as long into the future as we can see, the general outlook is bearish and that in view of this reading of the future, the case for free markets is strong, as it has never been in the recent past.

There is little that the Wheat Council is going to do in these circumstances, except to take stock and mark time. India's role is bound to be passive, for bargaining strength has now passed to the importers and among them, India, unlike her neighbours in South-East Asia, should now be content to let matters lie. It is a long time since the country was in such a favourable position.

JUDGMENT ON INCOME-TAX COMMISSION

By

CROESUS

It was as I was nearing Bombay, after my one month's leave, that I noticed the bold caption "Supreme Court Judgment" in a copy of "Hindustan Times" that a fellow passenger was perusing. Although a couple of days were still left for me to resume my work, I could not resist the temptation to borrow the paper and read the judgment 'in extenso', especially as it related to the work of the Income Tax Investigation Commission which, if it has not neared its end, has certainly tried and tired the patience of nearly everyone, not excluding perhaps even the members of the Commission itself. Considering the time taken, the expenses involved and the poor outcome of it all, after about seven years' labour, not to speak of the harassment to several unfortunate assessees who happen to have come under the Commission's purview, no one can honestly hold that it is serving any useful purpose. There is no doubt that an early winding up of the Commission, at least now that its unconstitutional nature, albeit in part, has been made known, will provide considerable relief to many people. Accordingly I wholeheartedly endorse the suggestion that some quarters in Bombay have made that the Union Government should lose no time in liquidating the Commission, after transferring to the Finance Ministry for disposal whatever work the Commission may still have left on its hands.

The judgment of the Supreme Court (recently delivered in a case in which Section 5(4) of the Income Tax Investigation Commission Act of 1947 has been declared 'ultra vires', because it offends Article 14 of the Constitution) provides ample food for thought. Even in the past, a definite impression prevailed amongst the constitutional lawyers with whom I have had occasion to discuss the propriety of this Act that, after the promulgation of the Constitution, the Act had become vulnerable in many respects. I understand that some of the distinguished lawyers who have had to appear before the Commission also had pointed out the 'ultra vires' nature of some of the provisions of the Act. It is a great pity, therefore, that the Act should have had to go right up to the Supreme Court for a verdict about its unconstitutional character and before realisation dawned on the minds of the authorities that a lot of time and energy had been wasted in taking up cases before a special tribunal which should have been left to be dealt with under the ordinary procedure prescribed by the Indian Income Tax Act.

An examination of the circumstances in which the impugned Act was passed may, even at this stage, be worth while. The communal feelings in the country prior to the Partition were running very high. The Muslim League, which was sharing power with the Congress in the administration at the Centre, was not—and could not have been—too solicitous of the welfare of what would have remained of India after the Partition of the country which was a foregone conclusion. It is not perhaps uncharitable to say that this party was interested in leaving this country in as complete a mess as possible. What better opportunity could have offered itself to the spokesmen of this party than to strike, if possible, a mortal blow at the very foundation of the economic structure of India. The Income Tax Investigation Commission Act was, therefore, conceived, and even used, as a handle to further this object. While nobody can quarrel with the general object of the Act, even those who were able to discover the sinister motive behind it were unable to speak up, lest they should be identified with what it has since then become fashionable to describe as "reactionary elements".

Some people may feel I am exaggerating things if I write in this strain. But, had the object of the Act been the simple one of getting the war profits correctly assessed, may I ask, why should all the extraordinary procedure, to which the Supreme Court has referred in its lengthy judgment, have been adopted in the course of investigating the cases entrusted to the Commission? As the Act stands, anybody can be asked to produce anything within his knowledge or possession without even being given an opportunity to inquire whether it is relevant or not for the purpose of the inquiry before the Commission. And, in making these inquiries, be it noted, no regard need be had for the party who is asked to prepare voluminous statements on all matters pertaining to his business or industry, and that too even if he has no concern with the party whose case is being investigated. Very often, inquiries have been in the nature of inquisitions, not inquiries. The ostensible object seems to be perhaps: "let us see; if anything turns up, it is well and good; otherwise, we do not lose anything". Otherwise, it is inconceivable how inexperienced junior officers with little or practically no industrial or business background could be asked to challenge the performance of industries and business about whose technique they knew practically next to nothing?

There is something autocratic, if not sinister, about the finality sought to be given to the decision of the Commission, one member only of whom need be a High Court Judge under the Act. This was not likely to, and could never, inspire that confidence which one derives when one is assured of all the rights conferred upon one under the ordinary procedure. Questions of law and questions of fact are not easy to disentangle and, yet, as the Act stands now—or is it, as it stood until a few days ago?—the decision of the Commission must be accepted without any question, unless a question of law is involved.

As the Supreme Court has since pointed out, "the constitution of the Commission by itself cannot be held to be a sufficient safeguard and a good substitute for the rights of appeal and second appeal and revision given by the Indian Income Tax Act, and there can thus be no doubt that the procedure prescribed by the impugned Act deprives a person who is dealt with under that Act of his valuable rights of appeal, second appeal and revision to challenge questions of fact decided by the Judge of the first instance. There is a material and substantial difference between the two procedures, one prescribed by the impugned Act and the other prescribed by the Indian Income Tax Act". Any reasonably sane person would like to be governed by the latter Act which, by the way, does not lack in provisions to catch the tax dodger or tax evader. So let there be no more of the impugned Act hereafter.

THE HIND BANK LTD.
9, ROYAL EXCHANGE PLACE, CALCUTTA.
FOR COMPLETE BANKING SERVICE
SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 22,00,000
Connections in all principal centres of the world
Chairman Mr. K. P. GOENKA
General Manager Mr. S. D. PARDIWALLA.

BUSINESS NOTES

ART SILK YARN IMPORT POLICY

The art silk yarn import policy for the licensing period, July to December 1954, which was announced recently was not calculated to satisfy fully the expectations of the categories of manufacturers, importers and actual users. But it has attempted to readjust imported supplies after giving proper consideration to domestic manufacture and requirements in respect of yarn of the trade and of actual users. The increase in the quota of established importers from 20 per cent to 25 per cent of half of the best year's imports (on the basis of any one of the years between 1945-46 and 1950-51) has been hailed as a much-awaited measure of liberalisation. This reaction, however, is not without a note of caution since apprehensions are expressed that this step may result in pushing up the level of overall imports. The reason assigned is that this increase has not been accompanied by a commensurate decrease in the quota of actual users. The alteration in the amount of permissible imports by pro-rata allotments to actual users, on the basis of loomage, to additional allotments on an ad hoc basis, to meet the requirements of mills working more than one shift or requiring larger quantities of non-restricted varieties of imported yarn or catering for the export market, may affect imported supplies of yarn to the detriment of domestic producers.

One significant aspect of the policy for the new period is a reduction of 10 per cent to 15 per cent of the face value of the licences for the import of yarn of 120 deniers and allocation equal to 5 per cent of the face value of licences in the case of 150-denier art silk yarn. The reduction in the case of 120 D. yarn has been appreciated inasmuch as it takes fully into account the programme of expansion undertaken by the indigenous mills. It also accommodates the production of acetate yarn which is to be undertaken by Indian units at an early date. In regard to this reduction, importers have advanced the criticism that whatever benefit had been conferred upon them by increasing their quota to 25 per cent might be nullified and the situation would show no change. The ban on imports of yarn of deniers between 101 and 119, it is stated, will contribute to this negative effect. Bans on more varieties have also provoked critical reaction. Barring these grievances from the angle of different interests, the import policy for the ensuing half year has sought to safeguard the position of all to the maximum extent.

TRADE MISSION FROM THAILAND

A trade mission from Thailand led by Colonel Chuang Chaweng Sak Songkram, President of the Bangkok Chamber of Commerce, is visiting this country at the present time. This is part of the mission's tour in the countries of South-East Asia and probably also in the Middle East countries, to explore the immediate possibilities of stimulating the rice export trade of that country and expanding trade in other goods in the future. Trade between India and Thailand has always been restricted to a modest size and it need not be taken as typical of the pattern of Thailand's external trade. Nevertheless, it has been quite helpful to both the countries and it indicates the turn which Thailand's foreign trade has taken. The position during the first ten months—April to January—of the last three financial years is tabulated below:

(Rs. in crores)

	1951-52	1952-53	1953-54
Imports from Thailand ..	11.03	7.68	0.40
Exports to Thailand . ..	8.21	3.79	2.40
India's trade balance ..	—2.82	—3.89	+2.00

From the viewpoint of Thailand, almost the sole factor which influenced the composition of the trade is rice. Thailand has placed abnormal reliance on rice export not only in the case of India but in her trade relations with all the countries. Improved global rice supplies and expanded domestic production in the importing countries have upset Thailand's balance of trade. The conversion of India's trade deficit into a surplus is a typical instance of the change. The Thai trade mission's object is to ascertain to what extent, if possible, rubber, teak and lac can replace rice exports to this country in the future. The potentialities in this respect are, however, limited. As in the case of India, Thai exports of rice to other countries have declined seriously except in her chief markets of Japan, Malaya, and Hongkong. Thailand, like Burma, may not be able to look forward to large revenue from State trading in rice exports to finance the development of the economy. Immediately, there is no assurance of finding out substitute export commodities, but the transition to diversified composition of exports need not prove to be a remote possibility. The Thai Government is aware of the urgency of the change and it has already declared a policy of shifting the emphasis to production of more consumer goods for home use and larger volume of commodities other than rice for export. Trade ties with this country can be strengthened on a new pattern and in return for her exports of other goods Thailand can satisfy her requirements of jute and cotton textiles, engineering products, and so forth.

SUGAR DISTRIBUTION POLICY

The Central Government's prompt action in allotting sugar direct to traders has succeeded in removing threatened shortages in certain areas and alleviating scarcity in a few others. The general reaction has been one of relief and if the market has continued to show a bearish tone it is due to expected arrivals in the current month of stocks of over 75,000 tons from overseas. The success of the distribution policy need not, however, be regarded as unqualified. Mr. C. B. Gupta, U.P.'s Minister of Civil Supplies, presiding over the State's Standing Commitee on Food and Civil Supplies, the other day, explained that no relief could be offered by the Central Government to certain pockets of scarcity where prices continued to range as high as one rupee per seer. He has pointed out that an allotment of 1,500 tons made to the U.P. Government in February last was cancelled and currently its demand for an allocation of 3,000 tons is pending decision. The chief point which Mr. Gupta sought to make was that centralisation of distribution policy, unaccompanied by an adequate machinery to assess the requirements in individual districts or areas, inevitably accentuated shortages in particular areas. Prior consultation with the State Governments seems advisable, but there is force in the contention that decentralisation and devolution of distributive functions to the State Governments would conduce to equitable allotments and elimination of disparity of supplies as between urban areas on the one hand and interior towns and villages on the other.

ACCOMMODATION FOR AGRICULTURE IN MYSORE

The Reserve Bank's grant of initial accommodation of Rs. 25 lakhs for short-term agricultural requirements in Mysore State has necessitated greater intervention of the Government in the administration of the State's co-operative banking organisation than heretofore. It is yet too early to say when the size of this accommodation will be increased to Rs. 1 crore as envisaged at present, the pace of expansion depending entirely on the extent to which co-operative banking practices are improved. But the improvement will inevitably take time. The first experiment is to be confined to three district co-operative banks. Though the rate of interest charged by the Reserve Bank will

be as low as 1½ per cent, the intermediate routing has made it not feasible to reduce the charge for the eventual borrower to less than 6¼ per cent. This rate, however, is quite modest by prevailing standards. The accommodation for seasonal credit will be confined to a period not exceeding fifteen months. This need, however, is felt in an acute degree by the agriculturist.

The State Government's continuing guarantee for the overall credit amount of Rs. 25 lakhs has brought in a system of appropriate checks linking the primary co-operative societies with the district central co-operative banks and the State's apex co-operative bank. The whole idea of the credit scheme is based on the urgency of reforming the present structure and practices of the apex and district central banks. The general lines on which reform has been recommended by the Reserve Bank may be noted in brief. It is a foregone conclusion that they will be accepted in substance. The State Government's purchase of shares of the value of Rs. 5 lakhs in the provincial co-operative bank will, apart from strengthening the finances of the apex bank, pave the way for its influential role in the bank's lending policies and operations. Bad debts of the bank of the estimated order of Rs. 4 lakhs may be written off to straighten out the working of the bank. Amendment to the Co-operative Societies Act may be made to make room for more vigorous supervision by the Registrar of co-operative societies over the administration and recovery of loans. The control of the audit machinery on the co-operative banks and societies, which had not been as firm as the character of co-operative organisation calls for, is already being tightened. Maintenance of the statutory balance by the apex co-operative bank with the Reserve Bank and submission of weekly returns will be routine formalities for compliance. But direct intervention of the Reserve Bank in the matter of the loan transactions is not contemplated nor is it expected to be resorted to. This arrangement indicates that the entire co-operative movement in the State requires energetic reform.

THE ANNUITY CERTIFICATES

The issue of the 15-year annuity certificates which has been announced as part of the small savings scheme has its attractive features and it should prove efficacious in stimulating investment. The varying sizes of investment permissible in the amounts of Rs. 3,500, Rs. 7,000, Rs. 14,000 and Rs. 28,000 are intended to suit persons of different categories for whom holdings of these magnitudes carry the risk of temptation to spend, if not the whole at least part of them. The monthly payments respectively in the amounts of Rs. 25, Rs. 50, Rs. 100 and Rs. 200, starting from the month next after the month of investment, safeguard the position of the investor or his dependant for a period of fifteen years. In this respect, the new annuity certificates have an advantage over the anuities as they are usually issued by life insurance companies. The latter carry with them an element of risk in that payment is restricted to the life of the purchaser or his dependant. The ceiling of Rs. 28,000 put in the case of an individual investor or Rs. 56,000 jointly in the case of two persons is sufficiently high from the viewpoint of small investors. To those among the middle class, who find themselves with amounts of these sizes without the requisite qualities of risk-taking, this scheme provides a secure solution of their problem. Under this description would come most recipients of provident funds or gratuities, who have been accustomed to a professional life far removed from the ups and downs attendant on business investment. The yield of interest works out at 3½ per cent which, however, many may not consider sufficiently high.

INDIAN TRADE AND GENERAL INSURANCE CO.

Mr. Karam Chand Thapar's explanatory statement accompanying the company's report, accounts and balance sheet for 1953 should suffice to indicate the extent of progress made by it during the first decade of its existence. Expansion of the company's business has brought into being in the first ten years 10 more branches and 4 sub-offices inside India and, in addition, its ramifications have spread to the neighbouring countries of South-East Asia and East Africa, where insurance services have been placed mostly at the disposal of the Indian business community. In the year under report, the company maintained the dividend of Re. 1-8 per share, tax free. The total nett premium income in all the departments of diverse business has registered an increase of over Rs. 11 lakhs to Rs. 51.58 lakhs in 1953 over 1952.

Unlike the expense ratio in life insurance business, the ratio in general insurance has proved difficult to be controlled and in 1952 an average excess of 13 per cent was registered in the fire and miscellaneous departments by 53 companies over the permissible limits. In marine business, the percentage of average excess of expense ratio in the case of 29 companies was as high as 24.8 per cent. Against this background, Indian Trade and General Insurance Company's reduction in expenses, though marginal, is significant as showing healthy and economical management in a phase of a scramble for business. It compares favourably with the expense ratio of any Indian or foreign unit of a standing for any number of years. Mr. Thapar's plea for amendment of rules, limiting management expenses, to grant additional expenses for local reinsurance has been amply borne out by the illustrations he has given of the repercussions of these rules on the operation of insurers. It is justified on the basis of its object which is to retain larger reinsurance business for local insurers.

BOMBAY STATE FINANCIAL CORPORATION—LENDING POLICY

The first report of the Directors of the Corporation for the period, December 1953 to March 1954, indicates that the Corporation has got off to a good start. As many as fifty applications have been received by it for accommodation and investigation into these is now proceeding. Meanwhile, the Directors have done well to make a broad announcement of the lending policy which the Corporation intends to follow. Although it is empowered to grant loans to big firms, it has accepted the policy of making loans, in the first instance, to small and medium-sized industrial concerns. Accommodation will be extended for loans and advances as well as subscriptions to debentures. The minimum size of a loan being fixed at Rs. 10,000 and the maximum size initially at Rs. 5 lakhs (the statutory ceiling being Rs. 10 lakhs), advances will be secured by mortgage of fixed assets. The difference between the operations of the State Financial Corporation and the Industrial Finance Corporation of India will lie mainly in the fact that the loans of the latter will be confined exclusively to public limited companies, whereas the former can provide accommodation, in addition, to private limited companies, registered partnerships or or proprietary concerns, although transactions in the early stage will be restricted to public limited companies. The scope of the State Financial Corporation admits of assistance to a variety of industrial units.

REVITALISING THE TEXTILE INDUSTRY

Mr. G. D. Somani's advocacy, in the course of his presidential speech at the last annual general meeting of Shri Niwas Cotton Mills, of measures to revitalise the textile industry centres round the basic objective to enhance its competitive strength which alone can ensure its survival and growth. He touched three problems. On the issue of rationalisation, he has made the attitude of industry clear and declared in unequivocal terms that no one desired to precipitate mass unemployment by wholesale substitution of up-to-date and labour-saving machinery. But he was equally firm in putting the alternatives categorically. Either the industry, being forced to cling to obsolete machinery

and outmoded methods, would pave the way for its rapid elimination and bring in its wake large-scale unemployment, or the industry, being permitted to go ahead with a gradual programme of modernisation and rationalisation, would eventually prepare the way for greater industrialisation and larger employment. His plea for granting liberal depreciation allowance, following the relief extended in the U.K., for old units is inspired by the same motive to keep the units and employment in them at higher productive levels. Finally, the demand for abolition of export duty on coarse cloth rests on the ground that it has become a hindrance to larger sales at competitive prices in the markets abroad.

ELECTRICAL WIRING ACCESSORIES

A notification issued by the Government of India on March 31, 1951, under the Indian Merchandise Marks Act, 1889, has made it obligatory that the country of origin must be marked on the containers or coverings or otherwise in case of "parts, spare parts and accessories of apparatuses and appliances, electric and all kinds". It has been contended that a switch plug though assessed as an electrical accessory cannot be called an accessory of any apparatus or appliance and therefore it is treated as an electrical wiring accessory. It was proposed that in case of electrical accessories, the marking should be on the goods themselves and a notification inviting objections to and suggestions on the proposal was issued by the Government of India on January 18, 1954. It now appears from the representations received in this connection that such marking will not be feasible in all cases. It has, therefore, been decided that in the case of electrical wiring accessories, marking should be indicated on the containers or coverings or otherwise. A notification to this effect has been issued in the "Gazette of India" dated May 29, 1954. This notification will come into force from September 1, 1954, so as to give to the suppliers sufficient time to follow the new regulation of marking.

EXPORT OF MANGANESE AND IRON ORES

The Government of India has reviewed the export policy for manganese ore and iron ore from the port of Calcutta. Taking into consideration the availability of wagons, it has been decided to make allotments to established shippers and mineowners for June-August, 1954 quarter on the following basis:

(a) Established shippers and mineowners who have actually utilised up to May 15, 1954, more than one-third of their allotments for the January-May, 1954 period, by actual shipment of the ore, will be given repeat allotments.

(b) Established shippers and mineowners who have actually utilised up to May 15, 1954, only a third of their allotment or less for the January-May, 1954, period will be given allotments equal to one-half of their current allotments.

(c) Supplementary quotas will be given to exporters and mineowners who have utilised by actual shipment three-fourths of their current allotment or more.

It has also been decided that allotments made for iron ore and manganese ore may be utilised to transport and ship either iron ore or manganese ore at the option of the shipper. The concession given to exporters during the current period to ship additional quantities of ores from accumulated stocks at the port of Calcutta, provided they do not ask for additional transport facilities, will be continued during the June-August quarter.

Established shippers and mineowners who wish to include 1953-54 in the basic year for purposes of recalculating their entitlement for export allotment are required to submit documentary evidence relating to shipments/production to the Export Trade Control Authorities at the ports on or before July 31, 1954, to enable the enlargement of the basic period for allotments to be made after August 31, 1954. No change is to be permitted for June-August allotments as this would delay the pro-rata allocation of wagons by the Railways.

INDO-AUSTRIAN TRADE AGREEMENT

The trade agreement between India and Austria, concluded in July 1952 for two years, has been extended up to December 31, 1954, it was announced in New Delhi on Friday.

Negotiations for the conclusion of a fresh trade agreement are expected this year. The extension of the trade agreement for six months followed discussion at Vienna early this month between the delegations of the two countries. Mr. K. H. Endrel was the head of the Austrian delegation while Mr. L. K. Jha was the leader of the Indian delegation.

During the discussion, India had requested that Austria should agree to extend to India the liberalization in the matter of imports which Austria has granted to the O.E.E.C. countries. It was pointed out that as India was a member of the sterling area her trade with Austria passed through the European Payments Union in the same way as Austria's trade with the U.K. and her dependent territories which already enjoy the benefit of the liberalization. India expressed the hope that it would be possible for the Austriaa Government to accede to the request. The Austrian delegation stated that while the Austrian Government did not, for various reasons, find it possible to extend to imports from India the liberalization which had been made in favour of the O.E.E.C., it hoped that a mutually satisfactory arrangements would be agreed upon during the proposed negotiations which were expected to take place before the end of the year. In the meantime, the delegation assured the Government of India that the Austrian Government would take suitable steps to ensure that the quotas for Indian exports to Austria as provided in the agreement were fully utilized.

The volume of trade during the agreement period was: Imports from Austria in 1951-52 Rs. 2,46,51,185; in 1952-53 Rs. 1,88,94,655; and in 11 months of 1953-54 Rs. 2,30,36,651. Exports to Austria from India were: Rs. 1,00,32,777 in 1951-52; Rs. 41,01,128 in 1952-53; and Rs. 56,44,944 in 11 months of 1953-54.

FURTHER EXPORT QUOTA FOR BENGAL DESI

The grant of further quota for export of Bengal Desi cotton in the current season has been a matter of speculation at the present time. It may be recalled that in October last an export quota of 75,000 bales was allowed in respect of Bengal Desi and this quota was to be supplemented by additional allocation, provided the statistical position warranted such a course. The position may be stated to be approximately this way: The estimated crop of this season has been placed at 277,000 bales which together with a carry-over from the previous season of 41,182 bales with the textile mills and of 31,462 bales with the trade add up to an aggregate supply of 349,644 bales. The important issue for consideration is the quantity of stock necessary to be maintained in the country to prevent any disturbance of the supply-demand equilibrium affecting the level of prices. In the estimate of the trade, mill consumption of the order of 172,000 bales together with stocks of 42,000 bales that should be with them to cover the requirements of about three months plus the export quota already announced leaves a balance of 60,644 bales. A section of the mills entertains apprehensions that further grant of permission for export would reduce the stocks to a margin where prices as well as availability will be affected to their detriment. However, it appears that a small additional quota for export may not be ruled out.

COMPANY AFFAIRS

MINERVA MILLS, LIMITED.

The Directors' Report of the Minerva Mills, Limited (Managing Agents: N. Sirur & Co., Ltd.) for the year ended December 31,' 1953, shows a profit of Rs. 5,69,254-15-4 which with Rs. 25,959-14-9 brought forward from the previous year, makes a total of Rs. 595,214-14-1. From this amount the Directors have allocated provision for Taxation (Rs. 26,000), Depreciation on Buildings (Rs. 50,000) and Depreciation on Machinery (Rs. 300,000) leaving a balance of Rs. 219,214-14-1. The Directors have recommended the payment of a Dividend of Rs. 6 per share and a Bonus of Re. 1 per share on 29,597 shares of Rs. 100 each, accounting for a sum of Rs. 207,179, and leaving a residual sum of Rs. 12,035-14-1 to be carried forward to the next year.

The sum of Rs. 6,860-11-3, being the expenditure incurred on conservation of quarters for labour, during the year under report, has been transferred from Labour Colony Fund to Reserve Fund. Rs. 4,574-15-6 has been paid as donations to various organisations and trusts during the year.

JUBBULPORE ELECTRIC SUPPLY CO., LTD.

The Directors' Report of Jubbulpore Electric Supply Co., Ltd. (Managing Agents: Martin Burn Ltd.) for the half-year ended September 30, 1953 shows the number of units sold and revenue for the last three half-years as given below:

Half-year ended	Units sold	Revenue Rs.
September 30, 1952 ..	9,626,474	10,91,752
March 31, 1953 ..	9,677,159	11,91,490
September 30, 1953 ..	10,663,476	11,90,024

After complying with the provisions of the Electricity (Supply) Act, 1948, and setting aside Rs. 25,000 to development and extensions account, there remains a balance of Rs. 114,005-14-5, including Rs. 23,886-9-9 brought forward from the previous half-year, available for distribution, which the Directors recommend to be disposed of by payment of a Diivdend at the rate of 8 per cent per annum, free of Income Tax (Rs. 89,982). The sum of Rs. 24,023-14-5 is proposed to be carried forward.

The Profit and Loss Account discloses that Rs. 17,360-5-4 has been set aside towards Statutory Contingencies Reserve; Rs. 60,000 for Taxation; Rs. 39,000 for Deferred Income Tax Liability and Rs. 21,000 under the provision of the Electricity (Supply) Act, 1948.

THE HOWRAH-SHEAKHALLA LIGHT RAILWAY CO., LTD.

The Directors' Report of The Howrah-Sheakhalla Light Railway Co., Ltd. (Managing Agents: Martin Burn, Ltd.) for the half-year ended March 31, 1953 discloses Gross Earnings at Rs. 313,328, which is Rs. 22,513 less than the earnings for the corresponding period ended March 31, 1952. There are decreases of Rs. 17,622, Rs. 4,648, Rs. 242 and Re. 1 under Coaching, Goods, Telegraph and Miscellaneous respectively.

The net profit for the half-year was put at Rs. 10,884, which together with the balance of Rs. 16,743 brought forward from the last half-year made a total of Rs. 27,627 available for disposal. The Directors recommend a Dividend at the rate of 6 per cent per annum, less Income Tax (Rs. 13,275) with the balance of Rs. 14,352 to be carried forward. The working of the last three year's is summarised in the table below:

Half-year ended	31-3-52	30-9-52	31-3-53
Gross earnings (Rs.)	335,841	299,810	313,328
Working expenses (Rs.)	271,081	279,010	303,607
Allocation renewals reserve (Rs.)	15,000	10,000	Nil
Balance carried forward (Rs.)	N.A	16,743	14,352
Rate per cent of dividend	6	6	6
Train mileage (miles)	60,110	58,596	56,498
Expenditure/earnings per mile (Rs.)	4.50(5.58)	4.76(5.11)	5.37(5.55)

It had been agreed upon that the compensation to this Railway for the ten years ending March 31, 1956 be paid on a lump sum basis of Rs. 50,000 for the first five years ending March 31, 1951, and Rs. 60,000 for the next five years. Under the arrangement the compensation receivable up to March 31, 1953, amounts to Rs. 370,000 against which credit for Rs. 240,000 was taken up to September 30, 1950. As, however, the agreement is subject to the approval of the Railway Board and is still under its consideration, no further credit has been taken in these accounts for compensation.

THE ARRAH-SASARAM LIGHT RAILWAY CO., LTD.

The Directors' Report of the Arrah-Sasaram Light Railway Co., Ltd. (Managing Agents: Martin Burn, Ltd.) for the half-year ended March 31, 1953 shows Gross Earnings for the half-year at Rs. 755,852 being Rs. 10,115 more than the earnings of the corresponding period ended March 31, 1952. There is an increase of Rs. 32,942 under Coaching, a decrease of Rs. 25,412 under Goods and an increase of Rs. 2,585 under Miscellaneous. Working Expenses were Rs. 672,766 plus Rs. 65,922 set aside to Renewal Reserve, totalling Rs. 738,688, which is Rs. 80,047 more than the figure for the corresponding period ended March 31, 1952. Net earnings were Rs. 17,164.

The Net Profit for the half-year is shown at Rs. 27,362 and the balance brought forward Rs. 53,206 making a total of Rs. 80,568 to be distributed. The Directors recommend a dividend at the rate of 6 per cent less Income Tax (Rs. 47,995) leaving a sum of Rs. 32,573 to be carried forward to the next half-year. The working of the last three years is summarised below:

Half-year ended	31-3-52	30-9-52	31-3-53
Gross earnings (Rs.)	745,737	776,102	755,852
Working expenses (Rs.)	598,194	598,995	672,766
Allocation to renewal reserve (Rs.)	60,447	12,560	65,922
Dividend, rate per cent	6	6	6
Balance carried forward (Rs.)	N.A.	53,206	82,573
Train mileage (miles)	131,031	123,700	135,634
Expenditure/earnings per mile (Rs.)	4.56(5.69)	4.84(6.27)	4.96(5.57)

THE FUTWAH-ISLAMPUR LIGHT RAILWAY CO., LTD.

The Directors' Report of the Futwah-Islampur Light Railway Co., Ltd. (Managing Agents: Martin Burn, Ltd.) for the half-year ended March 31, 1953 discloses Gross Earnings at Rs. 204,350, which is Rs. 13,511 less than the earnings of the corresponding period ended March 31, 1952. There is a decrease of Rs. 24,515 under Coaching and an increase of Rs. 10,714 under Goods. Working Expenses were Rs. 345,785 which is Rs. 91,210 more than the figure for the half-year ended 31-3-52. There was a deficit of Rs. 1,41,435 in net earnings.

The balance of Rs. 4,090 brought forward from the previous half-year and the net profit of Rs. 11,442 make a total of Rs. 15,532 for distribution. The Directors have allocated the sum of Rs. 11,318 as Dividend at the rate of Re. 0-15-9 per share representing 3½ per cent per annum for the half-year less tax; leaving a balance of Rs. 4,214 to be carried forward.

(The amount proposed to be distributed as dividend computed at 3½ per cent on share Capital Rs. 1,149,700 for the year ended March 31, 1953 at Rs. 40,240, less Tax-paid the Company at Rs. 17,604; leaving a sum of Rs. 22,636. The sum of Rs. 11,318 was paid as Dividend for the half-year ended September 30, 1952 leaving the same sum to be paid as dividend for the half-year under report.) The working of the last three years is set out in the table below:

Half-year ended	31-3-52	30-9-52	31-3-53
Gross earnings (Rs.)	217,861	209,567	204,350
Working expenses (Rs.)	254,575	221,575	345,785
Due to (+) and due from (—) from Central Govt. (Rs.)	—56,718	—52,787	—182,382
Dividend, rate per cent	3½	3½	3½
Train mileage (miles)	4,130	4,090	4,214
Expenditure/earnings per mile (Rs.)	7.71(6.67)	5.70(5.13)	8.79(5.19)

THE CHAPARMUKH-SILGHAT RAILWAY CO., LTD.

The Directors' Report for the Chaparmukh-Silghat Railway Co., Ltd. (Managing Agents: Martin Burn, Ltd.) for the half-year ended September 30, 1952, shows the total Capital Expenditure for the half-year to be Rs. 35,44,567, and the Gross Earnings at Rs. 1,27,660, showing a decrease of Rs. 1,48,585 over the figure of Rs. 2,76,245 for the period ended 31-3-52. The Working Expenses are as usual 50 per cent of the Gross Earnings. Net Earnings were therefore Rs. 63,830 (against Rs. 1,33,728 in 1952, exclusive of interest on loans). As a result of the bringing forward of the sum of Rs. 84,042 the available balance for distribution including the net profit of Rs. 11,377, is Rs. 95,419.

The Directors recommend the payment of Rs. 2-9-3.6 per share representing a dividend at 3½ per cent per annum less tax for the two half-years ended 30-9-52 and 31-3-53 at Rs. 80,019 and the balance of Rs. 15,400 to be carried forward. (The amount proposed to be distributed at the rate of 3½ per cent on share Capital (Rs. 31,00,000) for the year ended March 31, 1953, is computed at Rs. 1,08,500—less income tax and surcharge thereon at Rs. 28,481). The working of the last three half years is summarised in the table below:

Half-year ended	30-9-51	31-3-52	30-9-52
Gross Earnings (Rs.) ..	2,42,016	2,76,245	1,27,660
Working Expenses (Rs.) ..	As usual, 50 per cent of Gross Earnings.		
Balance Carried Forward (Rs.) ..	32,575	57,883	15,400
Expenditure/earnings per mile (Rs.) ..	N.A.	N.A.	N.A.
Train Mileage (miles) ..	N.A.	N.A.	51,983

THE HOWRAH-AMTA LIGHT RAILWAY CO., LTD.

The Audited Accounts of The Howrah-Amta Light Railway Co., Ltd. (Managing Agents: Martin Burn, Ltd.) for the half-year ended March 31,1953, show the Gross Earnings for the half-year at Rs. 14,04,094 which is Rs. 43,776 less than the earnings of the corresponding period ended 31-3-52. There are increases of Rs. 24,700, Rs. 72 and Rs. 5,661 under Goods, Telegraphs and Miscellaneous respectively, and a decrease of Rs. 74,209 under Coaching. Working Expenses for the half-year are placed at Rs. 11,92,058 plus Rs. 62,500 set aside to Renewals Reserve, making a total of Rs. 12,54,558 which is Rs. 48,090 more than the figure for the corresponding period ended 31-3-52. Net earnings are computed at Rs. 149,536 or Rs. 91,866 less than that for the half-year ended March 31, 1952.

The balance available for distribution is the sum of the net profit for the half-year Rs. (59,314) and the balance brought forward from the previous half-year (Rs. 1,05,085) making a total of Rs. 1,64,399. Out of this sum the amount of Rs. 12.500 is deducted towards Preference Dividend during the half-year under report. Rs. 50,000 have been transferred to Development Reserve leaving a sum of Rs. 1,01,899 for distribution. The Directors recommend the sum of Rs. 35,400 to be paid as Dividend for the half-year at the rate of 6 per cent per annum, less Income Tax; with the balance of Rs. 66,499 to be carried forward.

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

Half-year ended	31-3-52	30-9-52	31-3-53
Gross Earnings (Rs.)	14,47,870	14,60,101	14,04,094
Working Expenses (Rs.)	11,43,968	11,44,114	11,92,058
Allocations to Renewals Reserve (Rs.)	62,500	62,500	62,500
Due to (+) due from (—) District Board	+ 22,882	+ 90,298	+ 16,683
Balance Carried Forward (Rs.)	20,985	1,05,085	66,499
Train mileage (miles)	2,27,828	2,74,248	2,07,225
Expenditure/earnings per mile (Rs.)	5.23(6.16)	5.10(6.51)	5.32(5.99)
Dividend rate per cent	6	6	6

THE EASTERN ECONOMIST

(Subscription Rates)

	Payable in advance	
	India	Foreign
	Rs.	Rs.
Annual	50	66
Half-yearly	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9|- per year.

Foreign air rates on application. Offices in New York and Tokyo.

Manager,

THE EASTERN ECONOMIST LTD.,

52, Queensway,

NEW DELHI.

COMMODITY NEWS AND NOTES

SECOND ESTIMATE OF TOBACCO

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India second estimate of tobacco for 1953-54 puts the current year's area at 822,000 acres, as against the adjusted second estimate of 731,000 acres for 1952-53. The current year's estimate compared to last year's thus shows an increase of 91,000 acres or 12.4 per cent in area. The increase in acreage during the current year has occurred mainly in Bombay and is due to timely and favourable rainfall and better prices of the crop. This increase has, however, been offset, to some extent, by the decrease reported mainly by Andhra State due to heavy rains during the planting season. The information given in this estimate generally relates to the period up to the end of February 1954. Till then, the condition of the crop was reported to be generally satisfactory except in Andhra where in some districts it was attacked by leaf-eating caterpillar. This estimate does not cover the entire area sown to tobacco during 1953-54. Past experience has shown that the area at the second estimate stage forms roughly 95 per cent of the area under the crop finally reported. This estimate includes, for the first time, information in respect of Himachal Pradesh and Bhopal accounting for an area of 1,000 acres under the crop during 1953-54.

FINAL ESTIMATE OF MAIZE

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of maize for 1953-54 puts the current year's area and production at 8,892,000 acres and 2,854,000 tons, as against 8,897,000 acres and 2,823,000 tons in the partially revised estimate for 1952-53. This shows an increase of 85,000 acres or 1.0 per cent in area and 31,000 tons or 1.1 per cent in production over 1952-53. The increase in acreage during the current year has been shared mainly by Uttar Pradesh, Rajasthan, Hyderabad and Bombay and has been attributed to sufficient and timely rainfall received at the time of sowing. This increase in acreage has, however, been offset considerably by the decreases recorded by some of the States, specially Bihar and the Punjab. The decrease in Bihar is due to heavy rains and floods at the time of sowing. The increase in production during the current year has been shared mainly by Rajasthan, Bombay and Madhya Bharat due partly to the increase in acreage and partly to exceptionally favourable climatic conditions for the growth of the crop in these States. This increase in production has, however been offset considerably by the decreases recorded by Bihar, U.P., the Punjab, Hyderabad and Bilaspur due to excessive and untimely rainfall during the growing period.

This estimate also includes information in respect of the 'non-reporting areas', i.e. areas for which forecasts are not prepared. The 'non-reporting areas' for this estimate include Assam, merged territories of Bihar, Madhya Pradesh (non-reporting pockets only), Jammu and Kashmir, Travancore-Cochin, Manipur and Tripura and account for an area of 410,000 acres and a production of 128,000 tons during 1953-54.

JAPANESE TEXTILE PROMOTION PROGRAMME

The Japanese Government has approved a three-year textile promotion programme, which will boost home consumption from 12.49 lb. per head in 1953 to 13.47 lb. by the end of 1956. The Ministry of International Trade and Industry states that "the free economy system in principle" will be the basis of the plan, which will be directed to increased production of chemical, synthetic and acetate fibres and stabilised imports of raw cotton and wool. Production of fine pulp, flax and ramie will also be increased to cut imports of these raw materials. The overall aim is to provide an expanding basis of home demand so as to sustain increased production at reduced cost for export markets. The initial rise in production costs as a result of the cuts in imports of textile raw materials will be offset by rationalisation, the use of chemical fibres and the promotion of exports under the Anglo-Japanese sterling agreement.

BURMA TO SET UP JUTE INDUSTRY

In plans for the developmuent of Burma, the Burmese Prime Minister revealed that among the top priority projects was one for the construction of a jute mill with a production capacity of about 24 million bags a year. For the present, jute is being grown in the Irrawaddy Delta and the Arakan regions. If the locally grown crop is insufficient jute will be imported from India and East Pakistan.

BURMA PLANS SOAP, TEXTILE AND TEA INDUSTRIES

The Burmese Government under its scheme for partial nationalisation of industries, plans to enter into joint ventures with a number of firms for the manufacture of soap, cigarettes, textiles and tea, according to a statement from the Ministry of Industries, in Rangoon. In a briefing to members of Parliament—the first of a series to be given by Cabinet Ministers on Government projects—U Kyaw Byein, Minister of Industries, said the Government intended to operate on a 60-40 basis with an Indian Company for the production of tea. The Government hoped to set up a textile mill in conjunction with a British or American firm, and were also having discussion with Lever Brothers for a soap industry in Burma.

U.K.'S RAW COTTON COMMISSION

The accounts of the Raw Cotton Commission for the year ended August, 1953, show a loss of £22,701,799 compared with a loss of £20,146,607 in the previous year. The Commission was set up by Britain's post-war Labour Government as a monopoly importer of raw cotton. It was also charged by law to provide a futures market on which spinners could cover themselves against risks of price fluctuation. During the last two years, in which world cotton prices have been falling, it has shown heavy losses mostly due to the depreciation in the value of its stocks. The effective life of the Raw Cotton Commission is to end in August.

PROBE INTO CEYLON TOBACCO INDUSTRY

The Ceylon Government has appointed a three-man commission to put the Island's tobacco manufacturing industry on an economic footing. This is in response to complaints from manufacturing interests that imported tobacco manufactures, specially Indian bidis, were gradually replacing local products, thus ruining the local industry. Ceylon today imports Rs. 16 million worth of tobacco in the form of bidis and raw tobacco for cigarettes. India is the largest supplier. The Government hopes that by checking import of manufactured and unmanufactured tobacco, it will be able to provide encouragement for local cultivation of tobacco and thus enable manufacturing industry to flourish.

COMPANY MEETING

THE SHREE NIWAS COTTON MILLS LTD.

SPEECH OF THE CHAIRMAN, SHREE G. D. SOMANI

Speech delivered by Shri G. D. Somani, M.P., Chairman, at the Nineteenth Annual General Meeting of the Shareholders of THE SHREE NIWAS COTTON MILLS LIMITED, held on Wednesday the 26th May, 1954, at Shree Niwas House, Waudby Road, Fort, Bombay.

Gentlemen,

I have great pleasure in placing before you for adoption the Audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1953. Since these have been in your hands for some time, I will, with your consent, take the same as read.

I would at the outset like to draw your attention to the reference made in the Directors' Report about the Company having acquired substantial shares of Messrs. Hall and Anderson Ltd., which owns Shree Madhusudhan Mills which has 61,516 spindles and 1,640 looms, with 1,01,113 square yards of freehold land. This Mill, formerly known as Pearl Mill of the Fazalbhoy Group, was regarded as the best of the group's Mills. The Mill, however, during the last few years changed hands several times and its working was very unsatisfactory at the time its control and management was taken over by your Directors. The Mill machinery had been almost starved of its proper maintenance and there were several technical irregularities in the departmental working. The new management had thus to face manifold problems during the initial period, but I am glad to report that after several months of intensive and sustained all-round efforts, we have turned the corner and are hopeful of steady and gradual improvement in its working.

Turning now to the general matters, I can't help making a few observations on the important problem of rationalisation which has caused so much controversy in the recent past. I agree that we cannot afford to aggravate our unemployment problem by any large-scale retrenchment by having recourse to any drastic and hasty measures of rationalisation, but on the other hand we cannot also lose sight of the hard fact that in the ever-growing competition both here and abroad, any total ban on the installation of modernised equipment and rationalised working will prove disastrous to the very cause of maintaining maximum employment which we want to serve. It is quite clear from the history of introduction of rationalisation measures in other countries that in the long run this has resulted in substantial improvement in working conditions and creation of better and more employment in the industry. Indeed if the industry is to be forced to continue to employ obsolete machainery and old methods, time may not be far off when the working of the industry may be so adversely affected by economic factors which may lead to widespread unemployment due to enforced curtailment of production. I maintain, therefore, that apart from many other benefits that are bound to follow, the rationalisation measures will be found ultimately to be as much in the interest of labour as of consumers and industry. I am confident that with a little goodwill on both sides, a scientific formula on a long-term basis may be worked out which while not unduly disturbing the present employment position will ensure adoption of gradual methods under which labour will secure better working conditions in producing superior quality at cheaper cost.

Immediately after the Export Duty on medium varieties was withdrawn in October last, there was a good revival of export demand and the export figures during the first few months showed encouraging trends. However, the latest position again reflects the difficulty which the industry is facing in overseas markets and it is feared that unless the Export Duty on coarse varieties is withdrawn we may not be able to achieve the target. It is extremely desirable, therefore, that Government should keep a very close watch over the situation and take effective measures before it is too late to ensure that the industry does not lose any ground in the export markets.

There are at present too many Government restrictions and regulations coming in the way of prompt execution of Mills extension plans. It is desirable in the interest of industrial development of the country that the whole complicated chain of formalities necessary in this connection should be simplified to avoid delays.

Much has been said from time to time from so many quarters about the vital need for liberalising the depreciation allowance for old units to meet the huge requirements of rehabilitation and renovation. I would like to make a reference in this connection to the very valuable concession given by the U.K. Chancellor of Exchequer in his last Budget where any investment made in new machinery will entitle the industry concerned to a 20 per cent investment allowance. It should be appreciated that the present liberal allowance for new machinery and plant here does not really mean any real concession because the depreciation allowance does not go beyond 100 per cent and it is only a concession of deferred payment of tax liabilities. The present investment allowance as granted by the U.K. Government will, however, be over and above the 100 per cent depreciation allowance and is thus a substantial incentive to encourage investment in new machineries. The need here in our country to stimulate investment is much more than in U.K. and I hope that the Taxation Enquiry Commission and our Government will give still more liberal incentive to the industry here so that the pace of new investment may be accelerated.

The Textile Industry has just celebrated its Centenary and this premier industry after passing through a long period of hard struggle, can today rightfully claim a prominent position in the national economy. While the Industry is still faced with a number of complicated problems, it can certainly look forward with confidence to a still more glorious future. What is, however wanted, is that those of us who are in charge of management should fully appreciate the spirit of the changing times and should make every endeavour to conform to the highest standard of managerial efficiency and integrity so that we can make our due contribution in building a NEW INDIA.

COMPANY MEETING

INDIAN TRADE & GENERAL INSURANCE COMPANY, LIMITED.

Statement by the Managing Director, Lala Karam Chand Thapar, on the Report, Accounts and Balance Sheet for the year ended 31st December, 1953.

With the presentation of our Balance Sheet and Revenue Accounts for the year 1953, we celebrate our tenth anniversary, and I feel sure that Shareholders will join with me in expressing pride and satisfaction at the results achieved in these ten years of operation.

The past year's results constitute yet another record in the volume of business transacted, and the Accounts now presented reflect the continued progress of our business in India and Overseas. It is a happy coincidence that our Nett Premium income in all Departments should at the end of this first decade exceed the Rs. 50-lakh mark; I think you will agree that this is sure evidence that we have developed our business along the right lines, and proves, as words alone could not do, that the possibilities for our future expansion are boundless.

In looking back, I find that when we started business in 1944, we had 4 Branches in what was then undivided India, viz, Bombay, Calcutta, Lahore and Lucknow; today, as you will have seen from our published accounts, we have 14 fully fledged Branches, 4 Sub-Offices and numerous Agents covering the length and breadth of India, and, in addition, we have 6 Overseas Branches or Agencies in Pakistan, Aden, Singapore, Federated Malay States, Mauritius and East Africa. The Company also plans to develop business in other Overseas territories where there are important Indian trading communities, or where we are otherwise assured of an immediate and profitable business portfolio; the existence of these Overseas Branches enables us to give very much better service to those of our numerous clients in India who trade with these countries.

Although there has undoubtedly been an improvement in the cost of business in India following the introduction of the Amendment to the Insurance Act limiting Commission and Management Expenses, market conditions in this country are still very far from satisfactory. This is borne out by the figures published in the 1953 Insurance Year Book, which show that during the year 1952, 53 insurers spent an average of 13 per cent over and above the limits specified in the Insurance Rules in the Fire and Miscellaneous Departments, and 29 Companies spent an average of 24.8 per cent in excess of the limits specified for Marine business. Such being the case, it is obvious that if we are to continue to operate within the specified limits of expenses, we must be satisfied with such increase in our Indian premium income as is attracted by reason of the services we are able to render through our Branches and Agencies throughout the country, the security which we offer, and the prompt and fair settlement of claims for which we have acquired an enviable reputation. In these circumstances, the rapid development of our Foreign business as reflected in the Accounts assumes an added importance.

To turn to the Revenue position, our total Nett Premium income in all Departments amounted to Rs. 51,58,146 as against Rs. 40,53,261 in 1952.

To the Nett Premium income of Rs. 51,58,146 must be added Interest and Dividends (less Income Tax) amounting to Rs. 1,44,068 and Miscellaneous Receipts of Rs. 1,533; the total income of the Company thus amounted to Rs. 53,03,747; Claims Paid and Outstanding take Rs. 25,01,250; Commissions, Expenses of Management and Foreign Taxes Rs. 18,00,951; Company's Contribution to Provident and Pension Fund and Bonus to Staff total Rs. 66,500 and Depreciation, Bad Debts and other debits account for a further Rs. 1,61,479, leaving a balance of Rs. 7,73,567 to which must be added the balance carried forward from the previous year amounting to Rs. 10,886, making a total credit balance of Rs. 7,84,453. Out of this balance an amount of Rs. 6,71,706 (equal to 13 per cent of our total premium) is placed to Reserves for Unexpired Liabilities in all Departments, and after reserving Rs. 13,000 for Bad and Doubtful Debts, there is an available balance at the end of the year of Rs. 99,747.

It is proposed to maintain the same Dividend as last year of Rs. 1-8 per share (tax-free) which will absorb Rs. 90,000, and to carry forward the balance to the next account.

Management Expenses, Commissions, Depreciation and Foreign Taxes work out at 37.7 per cent of our Nett Premium income, a further improvement on the figure of 37.9 per cent in 1952, and I can say without fear of contradiction that at this level our expenses compare most favourably with those of almost any company of whatever size or age, Indian or Foreign; the importance of this aspect of the management of our business cannot be sufficiently emphasised.

The operation of the Rules regarding the limitation of Management Expenses has influenced the working of companies in many strange ways: for example, in our own Fire Revenue Account, although our Gross Direct Fire Premium income in India during 1953 was higher than in the previous year, our Nett Premium income from business effected in India is Rs. 2 lakhs less than it was in 1952. In order to minimise the heavy expenses inseparable from local facultative reinsurances, we have given away to our Treaties a larger proportion of our business, and have to this extent cut down our local reinsurance exchanges with a consequent reduction in our Nett Indian Premium income. It is to be hoped that the Rules will be amended to provide for some additional Management Expenses in respect of local reinsurances so that a larger volume of premium can be reinsured locally and retained by companies operating in India; in anticipation of some relaxation of the Rules in this direction, we have this year already started to reinsure locally a larger proportion of our Fire business.

As at first sight it might appear that we have reinsured too heavily abroad I would say at once that there is a balance in our favour of nearly Rs. 6 lakhs as a result of our exchange of reinsurance business with Overseas Companies in the Fire Department.

FIRE REVENUE ACCOUNT

Nett Premiums total Rs. 25,97,027 as against Rs. 22,61,308 in the previous year.

You will notice an increase in the Claims ratio to 46.4 per cent as against 32 per cent in 1952: this is due to two main causes, first, four-fifths of our Nett Premium income is derived from Foreign Treaties on which the Claims ratio is normally higher than the ratio on Indian business and, secondly, there was a series of heavy losses on Jute in the Calcutta area early

in the year which adversely affected our Claims ratio on Indian business; on the other hand, there is a further welcome reduction in the cost of this Department, Commissions and Expenses of Management being 40.5 per cent of Premiums as against 46 per cent in 1952. The over-all position is eminently satisfactory and an amount of Rs. 2,47,346 has been transferred to the Profit and Loss Account.

MARINE REVENUE ACCOUNT

Nett Premiums amounted to Rs. 16,57,458 as against Rs. 9,90,309 in 1952.

Although there was an increase in our Gross Direct Indian Premium income, of approximately 30 per cent over the same figure for the previous year, the large increase in our Nett Indian income is due mainly to the fact that at the beginning of the year we changed our system of reinsurance; the revised method of reinsurance reduces the amount of Commissions earned on reinsurances ceded and for this reason the cost of this Department is increased to 29.4 per cent of the Premium as against 16.8 per cent in 1952, but this is more than offset by the reduced Claims ratio of 53.6 per cent as against 70.4 per cent in 1952.

In my statement last year I referred to the cut-throat competition prevailing in the Marine market, I am sorry to say that if conditions did not actually worsen, there was certainly no improvement in this respect during 1953; in the circumstances full credit must be given to the Management for the substantial reduction in our Claims ratio during another difficult year.

The over-all picture shows a welcome improvement on the figures of the previous year inasmuch as Commissions, Expenses and Claims absorb together this year 82.8 per cent of the total Nett Premium income as against 87.2 per cent in 1952.

We have transferred Rs. 2,09,544 from the Profit and Loss Account in order to strengthen the Reserve for Unexpired Liabilities, which now stands at Rs. 13,25,967, an increase of Rs. 5 lakhs on the previous year's Reserve.

Of the total Nett Premium income of Rs. 16,57,458, Rs. 3,68,035 was Premium in respect of Hull business which, therefore, amounts to a little over 22 per cent of the whole account; we are playing our part in creating a Hull Market in this country, and hope that as time goes on our participation in the insurance of Indian-owned vessels will increase.

MISCELLANEOUS REVENUE ACCOUNT

Nett Premiums amounted to Rs. 9,03,662 as against Rs. 8,01,645 in the previous year.

The Miscellaneous Account continues to show progress, and the most satisfactory feature is the reduction in the Claims ratio from 51.4 per cent in 1952 to 45.3 per cent in 1953. Although this improvement may be due in some measure to the enhancement of the Comprehensive rates for Private Cars, it is safe to assume that the more stringent underwriting policy which is now being pursued, coupled with a more thorough scrutiny of Claims, is mainly responsible.

The Expense ratio of 42.8 per cent shows a slight increase of 1.5 per cent over the 1952 ratio, this being accounted for mainly by the initial cost of procuring business in certain Overseas territories where the Company has recently commenced operations. The overall Claims and Cost ratio of 88.1 per cent, as compared with 92.7 per cent in 1952, is certainly a step in the right direction.

An amount of Rs. 36,104 has been transferred to the Profit and Loss Account.

The Balance Sheet position is greatly strengthened as a result of the year's operations: Investments exceed Rs. 41 lakhs, Underwriting and Contingency Reserves are over Rs. 35 lakhs, and our Total Assets now stand at the substantial figure of Rs. 82,32,441.

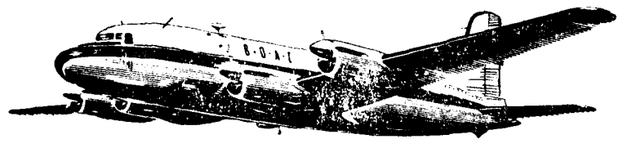
Printed prominently in the Accounts now in your hands is a year-by-year record of our Premiums, Reserves, Funds and Assets over the ten years 1944 to 1953; these figures speak for themselves and whilst we can contemplate our past achievements with modest pride, it is to the future that we must always look and this I feel we can do with every confidence.

Once again I would like to thank our General Manager, Mr. T. M. Sturgess, who has been at the helm of our affairs since the Company was started, and the senior Executives and Staff of the Company, both in India and abroad, for their loyal and unremitting work in building up the Company to its present position: such success as we have achieved could not, of course, have been accomplished without the continued encouragement and support of our many friends and Agents, both in India and abroad, to whom our very sincere thanks are again due.

IMPERIAL BANK OF INDIA

FOREIGN EXCHANGE BUSINESS OF ANY DESCRIPTION UNDERTAKEN

Local Head Office
CALCUTTA - BOMBAY - MADRAS
and Over 400 Branches and Sub-Offices throughout India, Pakistan, Burma and Ceylon.
London Office
25, Old Broad Street



SAVE RS 432

BY B.O.A.C. TOURIST SERVICES TO HONGKONG

Fly Tourist to Hongkong and save time and money. Same high B.O.A.C. standards. Fully pressurized 4-engined airliners. Skilled B.O.A.C. flight crews. Complimentary meals. Bar service. Prompt, courteous attention; no tips. Liberal stop-over privileges... all this and big savings too.

From DELHI	STANDARD Return Fare	TOURIST Return Fare	SAVINGS
To BANGKOK	Rs. 1,260	Rs. 1,008	Rs. 252
„ HONGKONG	Rs. 2,114	Rs. 1,682	Rs. 432
„ TOKYO	Rs. 3,626	Rs. 2,906	Rs. 720

Consult your Travel Agent or B.O.A.C., Speedbird House, Service Rd., Connaught Place, New Delhi 1. Phone: 43978, 44234, 45085 & 47356

B.O.A.C. TAKES GOOD CARE OF YOU

FLY B·O·A·C

BRITISH OVERSEAS AIRWAYS CORPORATION

HUKUMCHAND JUTE MILLS, LIMITED.

(ESTD. 1919)

HAZINAGAR, NAIHATI (E. RY.), WEST BENGAL

★

Manufacturers of

HIGH CLASS HESSIAN, SACKING, CANVAS, TENTS, TWINE, WEBBING, WOOLLEN BLANKETS, ETC., ETC.

★

Managing Agents :

RAMDUTT RAMKISSENDASS

Head Office:

9, Brabourne Road, CALCUTTA-1

Telephones : BANK 3195 (3 Lines) *Telegrams :* 'JUTIFICIO' Cal.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.4	359 2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
July 1953 ..	406.4	480 5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475 3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459,3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ,, c ..	381.6	472.1	362.4	380.9	704.4	402.6	90,6	101.4	88.3	103.8
Week Ending										
17-4-1954 ..	381.6	477.3*	365.1	381.5	713.2	404.2*	90 7	101.3	88.4	104.5
24-4-1954 ..	375.5	474.7	366.3	382.7	706.2	402.4	90.4	101.3	88.3	104.4
1-5-1954 ..	372.7	473.5*	365.0	382.8	695.3	400.7	90.3	101.3	88.1	104.2
8-5-1954 ..	370.5	469.7	364.0	382.6*	691.0	399.1*	90.2	101.0	88.1	104.3
15-5-1954 .	370.3	463.5	362.4	380.0	690.4	396.9	90.1	100.9	88.1	103.6

c Average of weeks. *Revised.

†Economic Adviser's Series. ††Reserve Bank Series.

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	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	387	147	351	147	156	145
1953: April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	141
1954 January	346	363	269	139	325	442	377	144	353	149	—	142
February	331	348	257	139	316	432	—	—	353	—	—	—
March	332	349	257	138	319	416	—	—	345	—	—	—
April	—	—	—	141	—	426	—	—	341	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	29-5-1954			22-5-1954			15-5-1954			8-5-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	91- 9	88-15	90-11	92-14	90- 5	91- 6	93-10	90- 6	92- 0	93- 4	90-13	91-15
Silver (per 100 fine tolas)	164- 6	161-12	162-11	166- 4	161-10	163-13	168- 2	164-11	166- 3	170-14	166- 0	168- 1

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
August 1953	1,096,06	33,71	1,129,78	40,02	571,90	611,92	54.16	92,97	424,89	1,129,78
September ,,	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1.116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
March ,,	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57.22	93,12	421,34	1,202,63
April ,,	1,220,38	13,08	1,233,33	40,02	674,15	714,17	57.90	97,81	421,34	1,233,32
Week Ending										
16-4-1954	1,230,00	6,94	1,236,94	40,02	678,15	718,17	58.06	97,44	421,34	1,236,94
23-4-1954	1,220,68	16,76	1,237,44	40,02	678,15	718,17	58.04	97,94	421,34	1,237,44
30-4-1954	1,217,19	20,40	1,237,58	40,02	678,15	718,17	58.03	98,08	421,34	1,237,58
7-5-1954	1,233,75	12,14	1,245,89	40,02	688,15	728,17	58.45	96,49	421,22	1,245,89
14-5-1954	1,228,83	16,76	1,245,58	40,02	688,15	728,17	58.46	96,19	421,22	1,245,58
21-5-1954	1,215,56	30,31	1,245,86	40,02	688,15	728,17	58.45	96,47	421,22	1,245,86

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	485
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	414
	(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
Average of Fridays														
August 1953	120,52	22,73	45,90	59,83	248,98	17,05	276,02	33,88	5,80	128,46	1,30	11,51	88,94	6,13
September ,,	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22.49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
March ,,	80,90	42,08	40,44	42,99	206,41	24,92	241,32	12,72	10,46	99,86	1,12	39,83	68,70	8,64
April ,,	64,51	30,52	42,16	45,21	182,41	27,95	220,36	13,35	12,98	78,55	1,21	40,01	65,17	9,09
Week Ending														
16-4-1954	51,33	29,60	42,14	45,38	168,45	30,08	208,53	7,21	14,58	74,18	98	37,90	64,65	9,02
23-4-1954	60,27	28,67	44,21	45,59	178,74	28,72	217,46	17,04	13,00	73,71	1,65	39,31	63,65	9,09
30-4-1954	86,77	28,31	40,05	45,06	200,19	26,56	236,76	20,70	11,22	74,65	75	53,94	66,70	9,41
7-5-1954	84,76	21,04	40,45	45,57	191,82	23,17	229,63	12,34	11,06	65,25	85	63,99	66,69	9,44
14-5-1954	89,12	20,74	43,99	45,73	199,59	24,34	238,78	17,02	10,46	67,38	1,71	63,11	69,62	9,48
21-5-1954	97,59	20,11	44,96	46,94	209,60	28,70	248,30	30,62	9,96	65,30	1,05	56,22	75,70	9,46

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

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	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	61.77	303,48§
1952-53 ..	546,23	309,26	855,49	33,33	51,82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
February ,, ..	571,70	292,12	863,82	34,80	43,24	9.03	540,49	39,32	67.12	298,57
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49,46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	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	54.56	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 ,, ..	..	..	..	..	..	..	..	..	..	..
Week Ending										
23-10-1195 ..	531,57	334,36	865,93	32,85	53,74	10.00	413,33	39,25	52.26	338,30
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39,76	51.76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54.64	340,24
13-11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40,45	52.17	337,11
11-12-1953 ..	528,29	333,19	851,49	32,12	53,87	9.98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54.36	336,04
1-1-1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431,65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16
29-1-1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5-2-1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12-2-1954 ..	513,66	330,41	844,07	32,60	39,40	8.53	461,68	53.56	61.04	320,61
19-2-1954 ..	522,30	331,20	853,50	31,96	39,84	8.41	462,46	55,88	60.73	320,14
26-2-1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	458,52	62,89	61.19	319,23
5-3-1954 ..	522,74	330,71	853,45	32,13	37,38	8.14	461,30	66,30	61.82	318,76
12-3-1954 ..	525,76	329,57	855,34	31,75	40,19	8 41	466,18	64,16	62 00	318,03
19-3-1954 ..	518,74	327,14	845,88	30,93	38,60	8.22	470,51	66,51	63.49	317,10
26-3-1954 ..	528,89	327,57	856,46	32,07	40,83	8.51	469,85	68,34	62.84	316,87
2-4-1954 ..	541,51	325,41	866,93	31,38	50,45	9.44	472,23	73,27	62.92	318,83
9-4-1954 ..	539,86	327,84	867,70	31,26	41,56	8.39	477,93	74,23	63.64	316,33
16-4-1954 ..	542,20	328,06	870,26	33,00	41,07	8.51	481,61	75,13	63.97	312,38
23-4-1954 ..	545,57	328,71	874,28	33,45	41,96	8.62	481,30	76 83	63.84	313,93
30-4-1954 ..	536,92	328,47	865,39	32,43	40,52	8.43	487,20	75,93	65.07	322,85
7-5-1954 ..	528,34	329,15	857,49	32,32	39,65	8.39	491,29	75,96	66,15	323,25
14-5-1954 ..	536,75	328,60	865,35	33,64	42,01	8.74	485,31	95,92†	67.17	323,03
21-5-1954 ..	541,35	328,95	870,30	33,04	42,93	8.78	482,86	96,72†	66.59	324,28

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

MONTHLY STATISTICS

(Monthly Averages or Calendar Months)

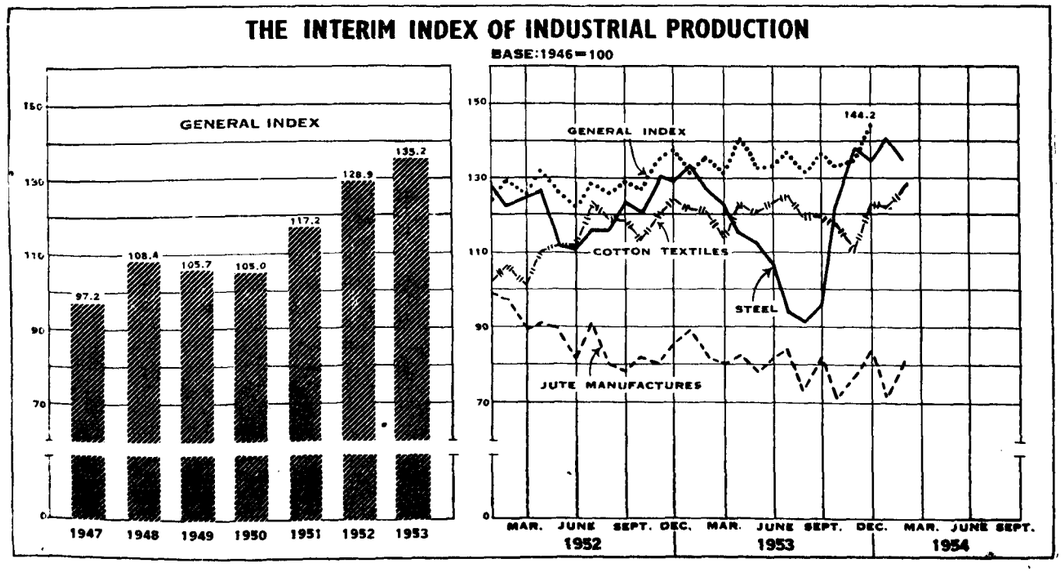
		1951	1952	1953 August	1953 Sept.	1953 Oct.	1953 Nov.	1953 Dec.	1954 Jan.
Foreign Trade									
i By Land, Sea & Air—									
Imports (Rs. lakhs)	..	71,18	66,80	50,00	46,41	45,52	38,93	39,32	39,85
Exports (Rs. lakhs)	..	65,30	51,58	40,05	49,35	48,02	48,73	51,53	43,72
ii Unit Value Index—									
(1948-49=100)									
Imports	..	128	130	111	110	114	111	112	..
Exports	..	160	131	113	112	111	112	113	..
iii Quantum Index—									
(1948-49=100)									
Imports	..	108	105	92	84	82	72	72	..
Exports	..	114	106	96	121	119	119	124	..
II Industrial Production									
i Cotton Cloth (Million yards)	..	340	383	414	396	407	369	421	419
ii Cotton Yarn (Million lbs)	..	109	121	127	126	130	120	135	132
iii Jute Manufactures (000 tons)	..	73	79	68	73	67	69	78	67
iv Steel (Ingots & Castings) (000 tons)	..	125	132	100	103	133	147	148	154
v Paper and paper boards (tons)	..	10,993	11,459	12,400	11,872	12,285	10,813	98,97	10,328
vi Sulphuric Acid (000 cwts)	..	278	160	211	200	218	191	186	220
Index of Industrial production (1946=100)	..	117	129	131	137	133	134	144	..
III Fuel and Power									
i Coal Production (000 tons)	..	2,859	3,019	2,747	2,972	2,937	2,677	3,163	2,903
ii Coal Despatches (000 ton)	..	2,435	2,591	2,506	2,576	2,703	2,555	2,538	2,424
iii Electricity Generated (Million kwh)	..	488	510	588	577	583	563	604	590
iv Electricity Sold (Million kwh)	..	397	420	469	464	469	456	487	478
IV Industrial Disputes: Number of man days lost (000)	..	318	278	225	467	402	345	475	326
V Employment Exchanges:									
i Number on register at the end of the period (000)	..	329	438	499	512	515	508	522	534
ii Number of vacancies outstanding at the end of the period (000)	..	22	23	17	18	20	22	21	21
VI Inland Transport:									
Railway Freight Ton Miles (Millions)	..	2,336	2,372	..	..	..	..	..	..
ii No. of Wagons loaded	..	569	584	540	543	557	550	618	618
VII Public Finance: (Central Govt.)									
i Revenue Receipts (Rs. Lakhs)	..	43,86	38,72	39,78	41,73	20,28	28,59	47,11	..
ii Import Duties (,,)	..	18,50	15,86	..	..	..	..	..	..
iii Export Duties (,,)	..	6,84	4,86	..	..	..	..	..	..
iv Central Excise (,,)	..	7,66	5,75	..	..	..	..	..	..
v Expenditure on (,,) Revenue Account	..	20,57	23,69	11,29	16,67	18,41	12,88	13,06	..
vi Cash Balances with Reserve Bank (Rs. Crores) *	..	210	175	134	137	109	98	100	102

* Last Friday Figures.

THE INTERIM INDEX OF INDUSTRIAL PRODUCTION

(Base: 1946=100)

Period		General Index	Cotton Textiles Total	Cotton Textiles Yarn	Cotton Textiles Cloth	Jute	Coal	Sugar	Paints and Varnishes	Cement	Paper	Matches	Sulphuric Acid	Steel Ingots and metal for castings	Diesel Engines
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	04.6	438.9
1950	..	105·0	91.1	85·9	93.8	76·8	110.8	105.8	72.8	169.5	102.7	127.0	170.8	111.2	971.7
1951	..	117·2	101.3	95·4	104.3	80·4	118.8	120.8	87.2	207.2	124.4	140.2	178.2	116.0	1,531.9
1952	..	128·9	113.8	106·0	117.7	87·4	125.4	161.9	83.8	229.3	129.7	147.6	160.1	122.0	897.9
1953	..	135·2	119.9	110·1	124.9	79.8	124.1	139.9	83.5	245.1	130.6	143.3	178.4	116.5	785.6
August	1951 ..	120.4	104.6	98·0	107·9	81.8	114.9	N	92.9	202.5	123.5	141.8	186.3	121.9	1,458.3
September	,, ..	118·3	103.0	97·3	105.9	74.1	122.5	293.8	91.0	213.1	129.9	132.4	178.7	116.1	1,946.1
October	,, ..	111·9	98.6	94·4	100.7	74.8	113.8	211.6	74.5	218.8	126.7	119.2	177.8	118.9	1,486.1
November	,, ..	123·7	102.4	99·3	103.9	91.6	123.3	313.3	79.3	230.4	130.4	140.3	186.1	111.0	1,818.8
December	,, ..	128·2	103.9	100·9	105.4	91.1	125.1	154.2	83.0	233.7	134.4	132.7	211.7	123.0	2,051.8
January	1952 ..	123·4	102.2	98·6	104·1	99.6	130.2	110.2	81.2	218.7	135.4	140.0	183.3	128.2	1,672.6
February	,, ..	129·0	107.4	102·4	110·0	97.1	140.6	121.9	89.7	202.5	128.8	148.4	125.6	122.2	1,631.5
March	,, ..	125·5	101.8	96·7	104·4	89.9	125.4	163.9	79.1	222.0	123.6	139.4	129.9	124.9	1,440.5
April	,, ..	131.7	110.3	103·2	113·9	91.6	134.5	488.6	87.1	235.4	133.8	155.3	122.2	127.6	912.4
May	,, ..	126·8	112.3	100·6	118·1	89.3	129.7	1493.3	81.1	217.7	121.5	150.0	173.2	112.6	807.3
June	,, ..	121·6	112.4	101·5	117·9	82.5	120.3	2445.5	80.6	218.1	118.6	150.6	174.6	111.1	362.4
July	,, ..	128·9	123.3	113·9	128·0	91.0	116.9	..	75.8	246.3	130.8	152.6	149.0	117.6	809.8
August	,, ..	126·7	119.2	109·4	124·1	80.6	115.8	..	74.8	236.0	131.2	146.3	141.5	117.2	1,188.2
September	,, ..	129·1	118.5	110·3	122·5	78.6	116.8	431.3	81.7	244.6	136.5	137.8	194.8	123.9	487.5
October	,, ..	127·6	113.3	105·6	117·1	83.4	121.6	183.7	85.4	223.4	132.7	142.8	167.6	120.5	552.5
November	,, ..	134·6	120.1	112·6	123·9	80.9	121.8	137.0	97.9	242.5	130.7	154.7	174.8	130.5	500.5
December	,, ..	138·6	124.0	117·1	127.5	85.5	131.9	127.4	91.5	244.3	133.1	155.5	183.8	129.1	527.3
January	1953 ..	131·1	121.1	113·0	125·2	78.9	126.7	107.6	98.6	224.7	129.4	152.4	173.7	133.5	311.8
February	,, ..	135.9	120.8	110·0	126.2	82.0	138.1	116.8	75.6	225.3	129.9	161.7	175.7	127.3	222.7
March	,, ..	131.1	114.1	101·9	120.2	80.4	125.3	168.0	76.0	225.6	126.5	153.2	130.4	123.8	495.4
April	,, ..	140.6	122.6	108.3	129.8	82.9	136.6	460.1	85.5	224.0	134.2	152.1	147.1	115.9	311.8
May	,, ..	132.9	120.4	107.1	127.0	78.3	130.2	570.0	77.0	247.2	122.3	150.1	162.6	113.5	344.5
June	,, ..	133·0	122·9	111·0	128.8	81·2	122.6	136.4	79.6	251.4	121.6	151.0	155.0	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	193.9	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	206.9	91.2	887.6
September	,, ..	137·3	119·5	111·9	123.3	81.6	125.1	12.5	88.8	243.0	147.7	138.0	202.8	96.4	1,242.0
October	,, ..	133·4	118.9	111·5	122.6	72.1	119.7	32.6	93.6	251.3	136.4	119.5	214.1	121.2	1,430.7
November	,, ..	134.4	109.8	105.6	111.9	77.0	112.7	176.8	86.0	266.6	124.0	133.2	193.9	138.0	1,223.8
December	,, ..	144.2	123.2	116.2	126.8	84.0	128.9	127.0	85.1	282.2	109·9	134.4	183.2	134.4	1,737.5
January	1954 ..	..	122.0	113.6	126.2	72.7	118.3	105.9	96.8	276.9	114.7	130.4	217.6	140.3	1,672.1
February	,, ..	..	128.5	118.2	133.7	81.7	137.8	100.2	..	297.3	..	130.4	..	133.9	..



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	930	1236
1951-52	955,39	742,78	130.2	168.9	1180	981
1952-53	660,53	578,36	125.8	118.7	900	1090
1950						
April	39,51	32,52	104.1	108.2	79	80
May	52,27	34,93	100.3	111.3	105	90
June	51,13	34,63	100.2	113.8	102	81
July	46,54	38,51	98.6	107.2	91	97
August	61,34	45,20	100.4	109.0	116	109
September	55,94	50,13	100.4	112.8	104	116
October	43,59	60,70	98.8	114.6	79	141
November	47,51	58,64	114.9	108.8	79	143
December	47,32	55,30	100.1	111.0	89	134
1951						
January	56,66	61,87	121.4	113.0	94	146
February	54,21	64,73	122.2	121.9	90	145
March	59,82	87,47	126.2	126.7	96	188
April	58,33	56,48	127.7	140.5	96	106
May	72,98	88,41	125.1	181.5	120	133
June	81,56	64,95	137.1	191.6	109	92
July	78,13	59,90	127.9	185.2	113	88
August	76,67	64,16	129.2	180.0	115	95
September	74,22	62,33	129.0	175.3	111	95
October	73,37	48,64	124.4	167.6	112	76
November	76,74	65,37	126.7	161.6	115	106
December	78,30	59,53	121.4	173.5	128	90
1952						
January	94,37	66,60	129 0	169.1	147	106
February	84,95	49,54	131.4	152.3	128	83
March	93,53	56,87	133.8	150.0	141	99
April	81,11	45,10	135.4	150.2	126	78
May	79,73	51,14	132.8	128.4	125	103
June	63,29	52,05	132.3	119.4	98	113
July	60,22	54,20	132.4	122.0	94	118
August	59,33	55,28	121.4	117.0	101	126
September	49,12	47,71	128.3	116.7	78	111
October	47,00	53,36	122.0	122.6	77	120
November	43,68	41,11	129.1	115.8	67	97
December	47,37	45,59	128.3	108.6	73	114
1953						
January	43,49	44,45	120.0	110.2	73	110
February	39,99	39,24	122.7	110.5	68	98
March	47,08	48,84	114.2	110.1	85	115
April	56,49	38,87	115.1	110.6	104	97
May	56,07	40,99	119.7	111.3	99	101
June	51,40	40,03	120.7	113.1	88	98
July	51,77	40,98	111.0	110.3	94	102
August	49,95	40,05	110.5	113.2	92	96
September	46,53	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

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

B 53
SECRETARIAT LIBRARY MADRAS

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 24. NEW DELHI: JUNE 11, 1954. ONE RUPEE

CONTENTS

	Page
LEADING ARTICLES :	
THE INDIAN INDUSTRIAL REVOLUTION	933
TOTALITARIANISM IN TEXTBOOKS	935
LAW IN THE LEAD	936
THE WEEK'S NOTES	937
The Failure of a Mission; Democracy Under Duress in Japan; Anglo-Chinese Trade Relations; From Entente to Alliance in the Balkans; Status of Women Workers.	
WORLDGRAM AND NEWS IN BRIEF	941
A WINDOW ON THE WORLD	
Odysseus on "Change and Growth"	945
A DELHI DIARY :	949
SPECIAL ARTICLES :	
INDIAN AGRICULTURAL PRODUCTION, 1953-54	950
THE RELATION BETWEEN POPULATION AND FOOD	951
THE BUSINESS WORLD :	
A Banker's Report	953
Finance for the Private Sector	953
Bombay After Division?	955
BUSINESS NOTES	956
Liberalisation of Oil Exports; Tea for Egypt; Oil Pressure Lamps; Problems of Shipping; Bihar's Economic Potential; Modernisation of U.K. Jute Processing Industry; Mineral Advisory Board's Deliberations; State Financial Corporation for U.P.; Dyestuffs Manufacture.	
COMPANY AFFAIRS	961
COMMODITY NEWS AND NOTES	962
CURRENT STATISTICS	967

The Indian Industrial Revolution

AS if to herald the new industrial revolution, which is at work in India, the Interim Index of Industrial Production reached in December 1953 an all-time peak figure of 144.2. This is nearly four points above the previous peak of April 1953, and any examination of its constituent elements will show that it may be easily exceeded substantially in a short period. It is clear that this rapid eclipse of previous peaks is a symptom of a new trend in Indian industrial history. It is in fact the expression of India's new industrial revolution.

It is difficult, when so much is still static and unsatisfying, to recognise that what has been let loose in India in the last twelve months is in fact a new industrial order. There is so much that remains the same, notably difficulties in obtaining capital and the perennial difficulties raised by labour policy, that one is apt to assume that every jump in industrial production is an accident and that a static, and not dynamic, trend is the norm of Indian industry. It requires some imagination to see in the figures of industrial production in the last eighteen months the normal expression of dynamic forces. There is far too little appreciation even at this late hour of the character and the changes which are taking place in the Indian economy.

In a recent article 'The Turn of the Tide' in the issue of "The Eastern Economist" dated May 21 it was suggested that the mainspring of the new dynamism which is appearing in the economy was the sudden change in Indian agricultural production with its attendant consequences on the balance of payments. It is likely that Indian agricultural production for the year 1953-54 will be measured in "The Eastern Economist" Index by a figure of 119, which exceeds the previous peak of 1943-44 by as much as thirteen points. It is safe to say that in the whole history of Indian agriculture there has never been a year such as this. In a Special Article on 'Indian Agricultural Production, 1953-54' which appears in this issue the constituent elements of this change are pre-

sented. Whichever way one looks upon these figures, one must recognise how tremendous has been the change which the agricultural picture has induced in the economy as a whole.

The problem of purchasing power, often lightly offered as an explanation of difficulties of sales, has now very appropriately been put into the background where it should belong. The true problem of the Indian economy has always been the inverse of purchasing power, namely, the production of the goods at a sufficiently low cost to accord with the capacity of the market to buy. So long as the emphasis was placed upon purchasing power only, the tendency has been to assume that mere monetary remedies, meaning in most cases the injection of finance, would of themselves do the job. This is actually the reverse of the appropriate remedy. The appropriate remedy, as we have now seen, is an increase of physical production where possible as in certain cereals in Indian agriculture with a reduction in prices.

To the extent that Indian agriculture has both greatly increased its production and reduced its prices it may be said to have provided an object lesson to Indian industry. By some means Indian industry must find the capacity to produce more at lower prices. This has been quite an obstinate problem until the last fifteen months. Today Indian industry, so far as its major instruments are concerned, is in fact producing more at lower prices. But it is clear that this process cannot be continued indefinitely unless rationalisation in production and modern techniques are applied more freely. This is not a matter of large-scale industry only which is believed to operate on the principle of increasing returns, the main condition of which is an expanding market as prices fall. The great merit of the excellent Report of the International Planning Team of the Ford Foundation is that it indicates how greatly this is a problem of small-scale industry.

The Ford Foundation Team's Report is one of the most striking documents that has ever been produced on any field of industry in this country. It is recommended by its authors no less than by its contents. Its members carry an international prestige which is unique. Mr. Sven Hagberg, its Chairman, is Acting Principal of the Swedish Government's Institute for Higher Education in Trades and Handicrafts. Mr. Hans Grundstrom is the Managing Director of The Swedish Federation of Small Industries and Crafts. Mr. Ramy Alexander of the U.S.A. has been for long an outstanding Consultant in the development of handicrafts and specialised small industries. Mr. Raymond W. Miller, also of the U.S.A., is internationally known as one of the authorities on Co-operatives. Mr. C. Leigh Stevens has brought to bear on this study his exceptional knowledge of the structure of small industries in the United States, particularly in the remarkable period in which under his guidance they were used to develop the war effort in the United States in a truly spectacular way. It is safe to say that this is one of the most remarkable teams of experts which has ever been got together for a single task.

The single thread which runs through this report is the need of modernisation in all sectors here and now. The shibboleth that hand-operated industries are necessarily superior even in employment terms is dealt with roughly. The conclusion of this section of the report is set in two pregnant paragraphs which deserve to be reproduced in full.

"The challenge for rationalisation must be met as part of a forward-looking industrial programme that will encourage and accelerate evolutionary growth. Without rationalisation, the natural talents of Indian workers and craftsmen are being wasted in a hopeless race against modern technology. Unless and until these workers are helped to produce more goods and more wealth, neither wages nor living standards can be raised. 'You cannot divide what you cannot first produce'.

"To prevent rationalisation, to stop the processes of modernisation, is not only illogical; it will force stagnation and retrogression of Indian small industry."

It is clear that the process, which the experts of the Ford Foundation are so anxious should not be halted by foolish political or economic dogmas, is in fact under way and in this is the strength of the coming of the Indian revolution. Unless in fact rationalisation of some kind was proceeding in Indian industry, there really would be no reason for the jumps in production which are in fact occurring. What is important is to recognise that what is now operating over a small field can become a great mass movement.

The Government of India in the Ministry of Commerce and Industry has accepted all the recommendations of this report. It is hoped that with this acceptance there will be no half-hearted implementation of its main recommendations, and indeed, one believes that the imaginative insight of the Ministry of Commerce and Industry into this problem of dynamism in Indian economic progress will catch on in more wooden Ministries of the Government of India and State Governments.

It is appropriate that at this time plans are being made for India's Second Five-Year Plan, the target figure for which has provisionally now been fixed at Rs. 4,000 crores, and the emphasis of which has now been described as industrialization, with particular emphasis on medium and small-scale industry. It is true the size of the Plan will depend on financial and technical resources which have not yet been computed. And certainly preliminary indications may imply pessimism on this score. In another section of this issue will be found comment on the report of the Shroff Committee on Finance for the Private Sector. It is one of the most important conclusions of that committee that, if finance is not a bottleneck now, it will certainly be a bottleneck in the immediate future.

It is necessary to examine in great detail at the present time the sober counsel of the Shroff Committee. Without question this is one of the most authoritative reports which has been presented to this country. But finance should not overshadow other facets of the situation. The whole industrial situation, which is now new in at least three respects, should be co-ordinated so as to provide a single picture on which policy for the Second Five-Year Plan may be based. The three new features of Indian industry today are first, its steadily rising production from autonomous movements; secondly, the growing recognition that modernisation is no choice, but an element of bare necessity; thirdly, that obstacles of finance deemed insuperable at one time are now appearing in their proper role of hindrances which can be overcome. In effect the Indian industrial revolution has set its course as much in the minds of men as it has in the physical elements of production.

This broadly optimistic picture should not lead to complacency. It is a tremendous achievement to have shaken off, within the last eighteen months, the stagnant elements of Indian agriculture as well as those of Indian industry. It is an achievement which has hardly been recognised much less publicised. But while the achievement has been tremendous by any standards, its courses and consequences have not yet been understood and cry out for critical evaluation. It may be that this is not the permanent dynamism which India has been seeking and it certainly is likely that the present rate of economic progress will slow down unless serious bottlenecks like obstacles to modernisation and shortage of finance are removed. But on one point there should be no difference. This is the time for the best talents of the country to be set to work at examining the real mainsprings of improved production. We are already late, since India's economy has got in first. But the tortoise need not always overtake the hare.

Totalitarianism in Textbooks

THE recommendation of the Andhra Elementary Education Committee announced last month that the State Government should itself undertake the preparation and publication of textbooks for elementary schools is only the last of a series of similar decisions by State authorities. Travancore-Cochin was the first to initiate this adventure, and the fact that it is expected to secure an income of Rs. 21 lakhs in the sale of textbooks is set forth by the Andhra Elementary Education Committee as a compelling argument in favour of its recommendation. The other argument advanced is that with the advent of the State "uniform textbooks of educational value will then be available at low cost". The argument appears to be either that private publishers are profiteering, or that the State by its monopolistic character or otherwise will be more efficient than private agencies. There is also the argument of social justice that profits which accrue from a great public need, which cannot be diverted, belong appropriately to public, and not to private, authorities.

These arguments have been employed at various times in the Punjab, Madhya Pradesh and Bihar besides Travancore-Cochin. It is necessary to consider them closely before proceeding to the larger issue on which no debate has yet been joined whether in a democratic country the mobilisation of power by the State in education is compatible with freedom for the individual.

In the first place, there is the attraction of enhanced revenue for the State. It may be that, in each of these States, State Governments will benefit themselves by a new source of income. But it surely is unlikely that the Central and State Governments together will be net gainers, and it is almost certain that the national income of the country will fall and not rise. Against the revenue obtained by the State Governments there is to be set the loss of income-tax from private publishers' and private booksellers' accounts. This loss is not entirely a loss of the Central Government, since the States are sharers in the Central income-tax pool. If, for example, the additional profits yielded a tax revenue which, in Travancore-Cochin's share of income-tax is greater than Rs. 21 lakhs, even the Travancore-Cochin Government would not be a net gainer. It may be that a particular State Government may receive more than it loses through the fall of income-tax revenue in the pool. But, it seems likely that the total loss of income-tax by all governments including the Centre will be greater than the meagre sums which these ventures are giving to State Governments. In other words, when total revenues of all governments are taken into consideration, Operation Rewrite is likely to mean nothing more than robbing Peter to pay Paul.

The financial argument has further repercussions in terms of total national income. Assuming, for the sake of argument, that the State textbooks are not inferior to those published by other agencies, there is still a question as to whether the national income is benefited by this extinction of private publishing. It may well be that the elimination of private enterprise might drive both production and consumption to a somewhat lower level than at present. There is significant evidence that the entrance of State Governments on a big scale into the most profitable lines will affect the volume of risk-bearing elsewhere. It is well known that textbooks provide the most stable and profitable form of publishing. Because of this stable character of textbook publishing, private publishers are able to incur losses on many books undertaken purely for prestige considerations. If they are denied the opportunity of textbook publication, it is extremely likely that they will decline to take risks on other works, often badly needed. The net effect of this can only be the reduction of publishing as a whole, and probably the creating of a famine of books of high calibre, which will inflict not only a productive loss but also an invisible cultural loss on the community.

There is a prima facie case, therefore, for considering that the financial argument advanced in favour of State publications is not merely illusory in revenue terms, but is bad from the point of view of the country as a whole. Added to this argument is the major question as to whether the State Governments are equipped to perform these technical services with anything like the competence which the private publishers have over many years brought to their task. The market for books in this country is so complex that it is fair to state that book publishing and selling is one of the most complicated occupations in the country. The record of governments in such undertakings as the airlines and the railways does not establish that there is greater competence to be found in public management. For the short period in the book trade there is quite certain to be a drastic fall in efficiency and a wide disregard of desires of consumers for books of a selected class. In the longer period nobody knows. But, apart from the Keynesian reminder that in the long period we are all dead, there is at least a presumption that in a commodity of so wide a range as books, private choice is more likely to have a chance when publishing is competitive than when it is monopolised.

Greater, however, than all the arguments which have now been advanced is the deadly blow that this operation will deal to liberty; for it will bring political pressures into the heart of education. Every State Government has its own political axe to grind, and it is incredible to anyone who knows the politics of this country that State Govenments will operate in the educational field without political bonds. There is no doubt that in most cases publishing and selling contracts will be given to members of the political party in power, and the opportunities for monetary corruption in this case are no less than the opportunities for the promulgation, under false pretences, of the philosophy of the ruling party. There is thus a vital issue of liberty involved in the present decision. It is becoming increasingly clear that Indian democracy, which started under the best auspices, and, broadly, with a great sense of individual liberty expressed in the Constitution and buttressed by a Rule of Law, is undergoing through acts such a these a profound modification in restraint of liberty and freedom of expression. The creation of State monopolies in textbooks is one of the most sinister of these developments. It belongs entirely to the range of totalitarian thought. It is capable of being used ruthlessly as a means of that regimentation of the mind of young citizens which is a mark of all totalitarian countries. Thus, Operation Rewrite, purporting to be conducted in the national interest, must be shown up for what it is—a terrible betrayal of the freedom of opportunities given in the Constitution and a larger betrayal of the fine democratic practices which have so long been current in this important field of national endeavour. It makes it worse, and not better, that this distinction of liberties should be proceeding without any comparable advantage in terms of revenue or national income.

Law in the Lead

PUBLIC interest in the third instalment of the Hindu Code Bill relating to succession, which was published last month, has been fitful and lukewarm. It is not difficult to explain this. The number of cases to which this latest instalment of the law will apply, assuming that the bill becomes a statute tomorrow, is bound to be limited. Joint family property passing by survivorship, and succession under the Indian Succession Act are, notably, outside its scope. But some day or the other, and sooner rather than later, the first of these two exceptions is bound to disappear. When the Dayabhaga has been substituted in due course for the Mitakshara, the number of cases covered by this third instalment of the Hindu Code Bill will be increased. Contrary to expectations, the Code, therefore, has not been killed. Only, it is being broken up into instalments so that it may be made more digestible.

The underlying principle of the draft bill is the equality of the sexes. In this respect, a major revolution in Hindu law is about to be authorised by the fiat of the legislature. There is no constitutional compulsion to overhaul the personal law of the Hindus. Although only judicial pronouncements can place the matter beyond any doubt, the presumption now is that personal laws are not superseded by the Constitution (whether a codified modification of personal law, which discriminates as between man and woman, will be good or bad remains to be seen; but it may, perhaps, pass). The urge to introduce equality is not born of the desire to keep abreast of the Constitution. It is much more realistically explained by the feeling that it is high time that the property laws were made modern, in the sense that a woman is not denied a share in the property, or absolute rights, on the ground only of her sex, or on the ground only that the dharmasastra has been against it.

A people's government is not now afraid of tinkering with tradition. On the other hand, it is rather ashamed of mediaevalism; and it would naturally like to create absolute rights in property, whether for man or woman, and to make the sexes equal, or very nearly so, in the eyes of the law. It is important to realise the influence of this change in outlook. The need to bow to the changing needs of the times, even when one is not in agreement, has been so great that inevitably, the critics' vigour has been arrested and their style in criticism has been somewhat cramped.

This is the reason why so major a change as is now proposed has failed to evoke any great opposition. The entire basis of Hindu succession law is now being altered from that of gotra and sapinda relationship, deriving from religious practices, to that of blood relationship according to modern and secular notions. This is not a small matter. In theory at least, property rights in Hinduism have been connected with religious obligations, and that link is now to be snapped. To think that the opposition to so great a change is not there would be to make a mistake; and it is not the mistaken opposition of bigotry or the blind opposition of vested interests either.

The new decision to make the sexes equal or more nearly so in the matter of succession law can, for example, create or add to two serious dangers. One is the further fragmentation of property; the other and, perhaps, the more important danger is that once the married daughter is added as an heir—in a limited number of cases at present and in a much larger number of cases later on—succession by survivorship will lead in practice to many complications. The married woman's family will become interested in the affairs of the coparcenary to an extent to which it is not now interested; and whether this will be good or bad remains to be seen. It is understandable that there are some grounds for the fear that in the peculiar set-up of Hindu social institutions and the Hindu joint family, this may very well increase the tensions within family life, and may prove, on the whole, to be more troublesome than the experiment is worth.

These are legitimate criticisms. Indeed, it is inevitable that they should be so, for, what the bill or the Hindu Code contemplates is a change in the tradition of ages which is bound to create upsets in the generation which faces the transition from one system of law and social conditions to another. But the critics, as has already been pointed out, have not been vociferous, at any rate up to now; and it is instructive to find out why they have been so silent.

The answer would seem to be that in the ultimate analysis, if the law is modern and if its modernity proves to be inconvenient, a change in the habits of those on whom the law is imposed can neutralise the undesirable consequences, if any. This instalment of the Hindu Code will introduce, and further instalments hereafter may extend, the principle of making Hindu property rights severable and easily recognisable, and, such as they are, absolute. From this it necessarily follows that the power of disposition will be unfettered; and with such a power, intelligent property-owners, moving with the times, should be able in due course to square the demands of tradition, society, and family life, with the position under the law, as it will hereafter be.

It is not necessary to pretend that this adjustment is going to be easy. It will not be. Every generation which pioneers in matters of social reform will have to bear the burden or odium of wrenching itself from the past; and in the present case, such departures from the established order of things as disposition by wills, breaking up the coparcenary at more frequent intervals, and reconsideration of dower or stridhana, so as to make equitable the shares of sons and daughters alike, will all be involved. It will, of course, be left to individual families to make their own adjustments to the new order of things. What is interesting, however, is that it is assumed that some kind of adjustment will be possible; also that as conditions change, the new laws will prove to be more acceptable and less irksome.

In the final picture, therefore, this instalment of the Hindu Code, like all others, is a call to Hindu society to change and adapt itself to the requirements of a civil law that would suit alike the needs of the state and modern society. Society and the state alike naturally place a premium on absolute rights in property and on the recognition of the status of women, which paradoxically in what is supposed to be a backward country is already fully equal to that of men for all practical purposes.

It may seem to be strange at first sight that changes in the law should lead and not follow changes in society. But this reversal of the usual order of sequence indicates the Hindu society's sense of urgency about the need to modernise itself. Incidentally, it should also dispose of the myth, if this myth survives at all after it has been independently destroyed in this generation by other evidence, that Indian society is unchanging.

THE WEEK'S NOTES

THE FAILURE OF A MISSION

In allowing the Indo-French negotiations at Paris to break down, the French Government has missed a golden opportunity to retreat with good grace and in proper shape from the Indian settlements. The talks were held on the initiative of the French. It would be wrong to attribute the motive that it was designed to gain time, since the time gained cannot obviously create great advantage to the French position or reverse the course of history. It would have been foolish if the French authorities had expected that the failure of talks would help to put the Indian side in the wrong, either within or outside this country. India's total rejection of a referendum under U.N. auspices followed from the argument that a right of self-determination did not extend to such pockets and that, in any case, a referendum was not obligatory to consult the wishes of the population. India's stand was clear that there should be a transfer of de facto sovereignty, leaving the de jure transfer to be accomplished in a more leisurely manner.

If the French have proved niggardly and pettifogging over the questions of joint control, it is no surprise. The capacity to take major decisions, as the British did in 1947, is not apparently congenial to the French temperament and such incapacity is often shrouded in legalistic defences which serve as excuses for inaction. France is already paying heavily for these larger and costly mistakes in Indo-China with her finest officers and material resources, without evidence yet that the lessons have been fully learnt. The French pockets in India are a minor aspect of the major French problem, though in India it means very much more. A big gesture in India might well have reinforced French claims in Indo-China that French colonialism is seeking to retreat in good order without creating a vacuum. It is clearly unnecessary that the transfer of the French pockets to India should be as gradual in its stages as the transfer of power in a colonial country. Such gradualism can only provide cause for more friction with India, aggravating this problem. About 40 per cent of the population of the pockets has already declared itself independent of French control and, while this would create problems, do the French merely prefer to cling to the rest of the area as long as they can?

DEMOCRACY UNDER DURESS IN JAPAN

Parliamentary democracy in Japan has not apparently taken roots, if the events of last week are any indication. The Japanese, credited with a great veneration for traditional institutions, might have been expected to transfer some of it to the working of representative institutions. The emergence of the Left in stronger numbers may perhaps signify the break with the old tradition. But the violent melee in the Lower House last week might have been as much due to intolerance as to decline of reverence. The uproar commenced over a trifling issue of an extension of the session of the Lower House by two days to pass a special measure. But it was not so much the proposal for extension as the legislation itself (which was intended to confer special powers on the Prime Minister over the police) which led to the coercive tactics employed by the Opposition. The pitched battle that ensued was not due to an occasional pugnacious mood of the legislators. Similar scenes were started in the Upper House two days later by the impenitent Socialists and a riot was only averted by the President giving in under duress, to the demand of the Socialist Opposition for adjournment.

Prime Minister Yoshida's fear that parliamentary life may be affected by a revolution may be well-founded. He has postponed his world tour but his presence alone may not help to prevent a crisis. The Prime Minister has become the most controversial figure in Japanese politics in recent years and this has not been due merely to his Right-centre and strongly pro-American policies. His intolerant and despotic character has created for him bitter enemies even among the Rightist groups led by Hatoyama and Shigemitsu. More provocative than his alleged dictatorial ways has been his tendency to create splits among rival groups with a view to weakening their following instead of winning them over by compromise or discussion with leaders. These would be grave shortcomings in a leader functioning in the most formative periods of Japanese democracy, when respect for institutions has to be created. It is not always an enduring victory for a leader to carry through measures in the teeth of opposition, even if the measures are sound and the opposition misconceived. The second and more serious danger is that opposition to a person becomes in time identified with opposition to all his policies. Prime Minister Yoshida must find ways to stop this set-back if his role in Japanese politics should not prove vain.

ANGLO-CHINESE TRADE RELATIONS

It is emphasized in London that it is essential to distinguish between the two series of Anglo-Chinese conversations on trade matters which have been taking place in Geneva. One series, which is official, has been aimed at securing amelioration of the unsatisfactory treatment meted out by the Chinese authorities to British business men in China. The other, unofficial, has been concerned with the expansion of British trade with China. The British 'Charge d'Affaires' at Peking, Mr. Humphrey Trevelyan, has been discussing with members of the Chinese delegation to the Geneva conference the plight of British business men and firms in China. British business men have not been allowed to leave China, though they have had no more work to do. British firms, forced to close down since the Chinese Communist regime has made further trading impossible for them, have met innumerable difficulties in the way of liquidation. As a result of Mr. Trevelyan's negotiations, the Chinese authorities are granting exit visas to a dozen British business men who have been waiting for them for nearly three years. The Chinese authorities have promised to allow British managers of firms in China to be replaced, and to return home. The Chinese authorities have given the assurance that they will assist in the settlement of outstanding matters in regard to British firms seeking to close down. There are still in China approximately 350 British subjects, including women and children (but not including the staff of the British Embassy at Peking). The concessions which the Chinese authorities have undertaken to make, say London observers, will be seen to be small ones; it is hoped they will be carried into effect.

Mr. Peter Tennant, Overseas Director of the Federation of British Industries (F.B.I.), acting on behalf of F.B.I., the China Association, and the London Chamber of Commerce, has had talks with Chinese delegates in Geneva about the expansion of trade between Britain and China. It has been arranged that a Chinese trade delegation shall visit Britain in the next few weeks, and the Chinese authorities have been supplied with a list of British goods which are not on the prohibited (strategic) list and which they can buy. The visit of a British trade delegation to China may be fixed up before long. Meanwhile, the visit of the

Labour party delegation to China which includes its top-ranking leaders may provide the opportunity to British politicians to examine directly the scope that exists for trade with China.

FROM ENTENTE TO ALLIANCE IN THE BALKANS

President Tito's visit to Athens last week to discuss the possibilities of enlarging the Balkan triple entente into a military alliance has been viewed with mixed feelings in Western capitals. The proposed military alliance should in itself be welcome since the North Atlantic Treaty would be strengthened. President Tito's desire to progress still further in this direction is also an indication of his steadfastness in seeking the defence of Yugoslavia in an alliance with the West and not in the mere hope that the Communist bloc would become less aggressive because of the changes in the Soviet Union. This indirect link with NATO can, so far as Yugoslavia is concerned, become almost as effective as a direct one. Yet, the Western Powers have cautioned the three Balkan Powers against going too fast in this matter, mainly because of the tension between Yugoslavia and Italy over Trieste.

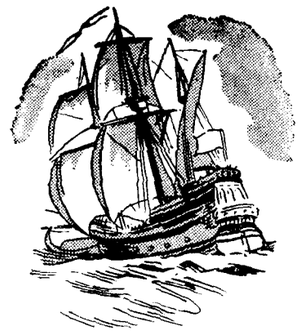
Difficulty would arise if Italy and Yugoslavia should ever go to war on Trieste. At the present moment the chances for an agreement are brighter and British good offices have helped to discover a fair compromise. It may also be part of the purpose of these Western exhortations for caution to accelerate the progress in these talks on Trieste by making President Tito yield on some points in order to go ahead with his Balkan alliance scheme. The Italians have been suspicious but President Tito's moves for closer affiliation with NATO can only be regarded as reassuring, since it can hardly be his intention to precipitate a crisis with Italy and embarrass his Balkan and North Atlantic allies. There may be a feeling in Italy, however, that President Tito's moves would endear him to the Western Powers to such an extent that they might take a less pro-Italian view on the question of Trieste.

STATUS OF WOMEN WORKERS

"The economic and social status of women workers in India" published by the Labour Bureau of the Union Ministry of Labour contains valuable information about problems of women labour in Indian industries. The publication is the result of an enquiry conducted by the Labour Bureau and, as its title suggests, assists one in assessinig the economic and social position of women workers in this country. According to the report, while the number of women workers in factories rose from 2.4 lakhs in 1927 to 2.8 lakhs in 1949, the percentage of women to the total number of workers dropped from 16.95 to 11.33 during the same period. In the mining industry, however, the percentage of women to the total labour force employed increased from 17.9 to 20.5 during the decade ending 1950. About half of the labour force employed in the plantations are women.

In the chapter on wages and earnings, details are given regarding the comparative wage rates of men and women in various sectors of industry. There is also a comprehensive study of the effects of the working woman on the family, society, literacy, participation in trade unions, marital status, social customs, etc. The effect of women's employment has been the creation of a new class among women who confront the community with certain problems like the care of children, the delinquent child, domestic disharmony and family discord. Married women form about 50 to 80 per cent of women workers in various industries whereas widows constitute about 20 to 50 per cent. The life-histories of women workers given in the appendices disclose that a large number of them migrated to the industrial areas generally with their parents or husbands. The force of economic circumstances appears to be the main reason for their migration. The report adds that women formed only about 6.6 per cent of the total trade union membership in 1949-50.

According to the Census Report of 1951, there were 1.8 million women employees in non-agricultural occupations in the country of whom slightly more than a million were employed in rural areas. There were besides 2.4 million independent workers, two-thirds of whom were in the villages. The present survey covers only about 300,000 factory workers, most of them being urban. The scope of future investigations should be widened so as to make comparisons of the status of women in the various rural and urban occupations.

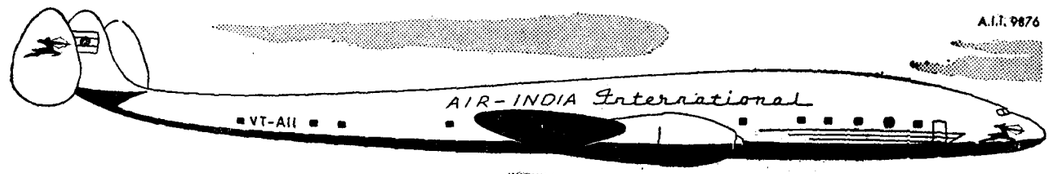


Billowing Sails

once carried the world's communications and commerce. Even then Lloyds Bank was providing its clients with information and facilities for overseas trade.
Now, too, as then, Lloyds Bank continues to offer these services to those engaged in foreign business. With its own Branches at all major ports in England and Wales, and in India, Pakistan and Burma, and with affiliated Institutions and Foreign Agents and Correspondents in every large port and city throughout the world, Lloyds Bank is fully equipped to provide comprehensive service and finance for all classes of foreign trade.

Let LLOYDS BANK look after YOUR interests

LLOYDS BANK LIMITED 1677 INCORPORATED IN ENGLAND
LB/G/60—1954



FLY Super CONSTELLATION to LONDON



The Griffin at Temple Bar

Inaugural flight June 19th

* Entirely separate compartments and cloak-rooms for Luxury and Tourist passengers
* Non-stop to Cairo
* Choice of stopovers at Geneva and Paris
* Three cabin attendants



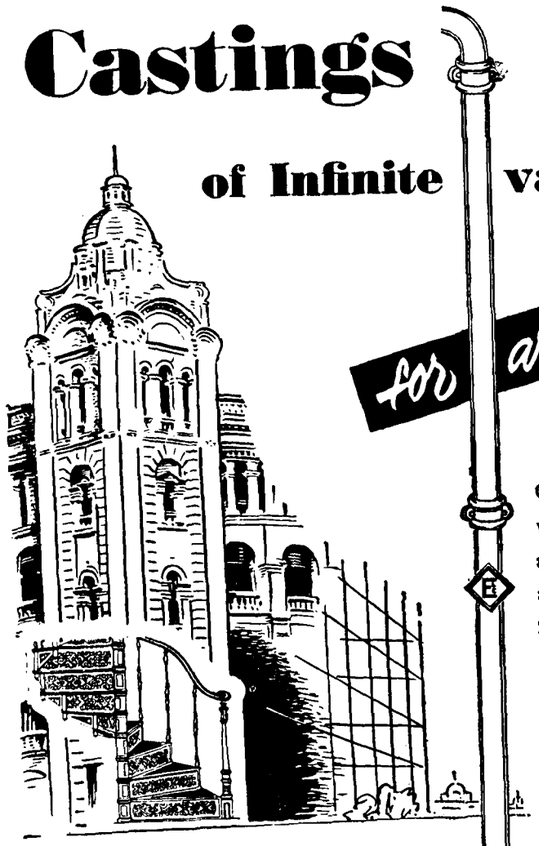
AIR-INDIA International

Air-India Building, Connaught Circus, New Delhi. Tel : 48395

Castings

of Infinite variety...

for architects



Cast Iron pipes for draining rain water and for sewage purposes are important items in an architect's list of requirements. So are flushing cisterns, water tanks, spiral staircases and many other cast iron products. ISCO, with many years of experience in manufacturing cast iron products of all kinds, undertake to supply these products to any design or specification.

THE INDIAN IRON & STEEL COMPANY LTD.

ISCO

MANAGING AGENTS: MARTIN BURN LTD 12 MISSION ROW CALCUTTA

BRANCHES: BOMBAY Post Box 276 • NEW DELHI Post Box 44 • KANPUR Post Box 232

11X-37

WORLDGRAM

TRADE

Japan-Turkey Trade Accord: It is reported that Turkey and Japan are planning a trade agreement which provides for an exchange totalling $10,000,000. Japan will buy Turkish raw cotton, and export mainly machinery and semi-finished products to Turkey. Before signing this new agreement, however, Japan is insisting that Turkey release the $5,000,000 blocked by the Turkish Central Bank since 1953. The Government claims that the Japanese firms purchasing raw cotton from Turkey in 1953 broke their agreement, failing to re-export the goods to Germany, thus temporarily closing that market to Turkey.

* * * * * * *

Thailand Cuts Rice Prices: Thailand is expected to reduce further the price of her export rice in order to encourage buyers. As a result of the dwindling demand for rice, Government Ministries are to promote production of secondary crops, and encourage other exports such as livestock and poultry products. The quality of Thai rice is also to be improved. A Government mission is to visit India, Ceylon, Indonesia, and Middle East and European countries, to explore possibilities of exporting rice and other Thai products.

* * * * * * *

U.S. Trade With Communist Countries: According to official estimates United States exports to Communist countries totalled $1,776,000 last year as against $1,096,000 in 1952. Imports fell over the same period from $67,311,000 to $45,597,000. Last year's increased exports are due mainly to increased sales of tobacco to Eastern Germany. No exports went to China last year while imports from her came to only $9,272,000. Exports to the Soviet Union were $19,000 and imports $10,791,000.

* * * * * * *

Thirty-Three Per Cent Increase in Commonwealth-Japan Trade: Japan's trade with Commonwealth nations in the first three months of 1954 increased by 33 per cent. Japan exported goods valued at £34,705,000 compared with £26,363,000 in the corresponding period of last year. Even if this trade continues at this rate, the yearly total will be about £138,820,000, much less than the £98 500,000 target set by British and Japanese officials.

* * * * * * *

Export of Handicraft Products: Representatives of State Governments and important institutions are expected to participate in the fourth meeting of the All-India Handicrafts Board being held in Ranchi on June 14 and 15. On the same dates the Board has arranged an All-India Handicrafts Marketing Conference. This Conference will work out a suitable machinery for co-ordinating the efforts of the various State Governments and other trade agencies exporting handicraft products, maintenance of certain standards and supervision of quality as well as timing, and consider the problems of marketing Indian handicraft products abroad. The Board is also organising an All-India Cottage Industries Exhibition and a Marketing Clinic in Srinagar on June 20 and 21. The Marketing Clinic will, for the first time, analyse the handicraft goods particularly from the point of view of marketing in foreign countries.

* * * * * * *

Competition From Far East in South Africa: South African clothing industry interests are gravely concerned at the competition offered by the Far East, not only from Japan but also from Hongkong. Hongkong enjoys the same preferential treatment in tariffs as other parts of the Commonwealth, and some clothing manufacturers in South Africa fear that it is being used as a back door for Japanese exports to the Union.

INDUSTRY

Decline in Production of Agricultural Implements: The production of agricultural implements has declined (though production capacity has increased) in spite of an increase in the area of agriculture and agricultural products. While in 1951 the total output of agricultural implements was 18,873 tons, in 1953 it amounted to 9,357 tons only. In 1951 the total number of small tools produced was 11,41,473; whereas in 1953 it was only 5,14,160. Power-driven pump production also has declined from 41,492 in 1951 to 25,149 in 1953.

* * * * * * *

Work on Shipbuilding in U.S. Declines: In the first quarter of this year, work in America's shipbuilding industry dropped 25 per cent as against just over 5 per cent for the world as a whole. On April 1, the country was building only 35 ships, of 515,885 tons gross, of a global total of 1,350 vessels, totalling 12,394,497 tons. These figures refer to ships of 1,000 tons gross or more. In the last quarter of 1953, the United States was the world's sixth biggest shipbuilding nation. She has now slipped to seventh—beaten by Britain, Sweden, Germany, Holland, France and Norway, in that order.

* * * * * * *

Aluminium Plant for Cameroons: The aluminium plant to be built in the French Cameroons at a cost of £16,200,000 will have a capacity of 45,000 tons a year. It is being sponsored by France's biggest producers of the metal. Necessary current for the project will come from the Edea hydro-electric generators. About £6,000,000 of the money needed for building the project will be advanced as a 20-year loan by the Central Bank for French overseas territories. It will also supply most of the £7,000,000 which will have to be spent on extending the Edea generating station.

* * * * * * *

Trombay Refinery Operation From Next Year: The Rs. 25-crore Burmah Shell Oil Refinery at Trombay will go into operation in early 1955—one year ahead of schedule. It is announced that the capacity of the refinery would be two million tons of crude oil per annum. When in full production, the refinery will produce per year 156,000,000 gallons of motor spirit, 72,000,000 gallons of kerosene, 37,000,000 gallons of high-speed diesel oil, 33,000,000 gallons of light diesel oil, 150,000,000 gallons of furnace oil and 150,000 tons of bitumen. The refinery will enable the country to save foreign exchange to the extent of Rs. 4.3 to Rs. 6 crores.

AGRICULTURE

Decrease in Yugoslav Agricultural Population: The agricultural population of Yugoslavia has been reduced considerably during the last five years, declining in 1953 by about 300,000 compared to 1948, while the percentage of the agricultural population in relation to the total population has gone down by 6.5 per cent. Today, however, Yugoslavia has 16,927,000 inhabitants of whom 10,800,000 or 64 per cent are engaged in agriculture. In 1948, the agricultural population accounted for 70.5 per cent or 11,115,000 out of 15,772,000 inhabitants.

* * * * * * *

Indo-U.S. Agreement for Development of Forest Research: Additional equipment and supplies are to be provided to the Forest Research Institute, Dehra Dun, for augmenting the present facilities for research on forest products, under a supplementary Indo-U.S. Agreement signed last week under the Technical Co-operation Programme. Under this agreement, it is proposed to acquire equipment and supplies for laboratory research purposes, pilot plant studies and field studies and for reproduction and dissemination of scientific findings at the Institute. The estimated additional joint cost of the project is $85,000 and Rs. 150,000.

Sind Afforestation Scheme: A programme for expanding the area under forests is being undertaken by the Sind Government in Pakistan, to meet the growing demand for wood and wood products. Two big forest plantation schemes included in the five-year development plan aim at bringing a total of 250,000 acres under forest plantation, 150,000 acres in the Lower Sind Barrage area and 100,000 acres in the Guddu Barrage Project area. Schemes relating to contour survey, soil classification and the expansion of technical and administrative staff are also being undertaken by the Sind Government.

* * * * * * *

Planning Commission on Spices Enquiry Committee: It is reported that the Planning Commission has approved the recommendations of the Spices Enquiry Committee and sanctioned Rs. 10,00,000 for the remaining part of the Plan period. The Committee in its recent report recommended the creation of a separate fund of Rs. 1,25,00,000 at the Centre for the development of pepper, ginger, cardamoms, cashewnut, turmeric and lemon-grass oil; towards developing the production and marketing of these crops according to an integrated ten-year plan. It recommends additional research stations in the different producing areas to provide greater scientific aid to these industries. The bulk of the spices in India is exported. The total value of these exports last year amounted to Rs. 31,73,80,000 of which Rs. 21,00,00,000 were earned in hard currency.

* * * * * * *

Two Per Cent Rise in Sweden's Agricultural Output in 1953: The production volume of Swedish agriculture rose by 2 per cent in 1953, being 11 per cent above the pre-war level. According to a recent survey domestic consumption of wheat and rye dropped by 5 per cent in 1953, while the consumption of sugar went down by 3 per cent. The sugar-beets harvest was the largest on record, corresponding to 335,000 tons of crude sugar, as against 234,000 tons in 1952. Sales of standardized milk and cream show slight increases, although total consumption of milk dropped somewhat due mainly to a decreased consumption by producers. A rise was noted for butter, and a decline registered for margarine consumption and also for cheese, the latter by 5 per cent. The consumption of meat decreased by 3 per cent, that of pork at the same time rising by 5 per cent. Between 1951 and 1952 cash incomes of the Swedish farmers went up by 16 per cent, while the cash outlays rose by 14 per cent.

FINANCE

Raw Cotton Commission's Loss in 1953: The accounts of the Raw Cotton Commission for the year ended in August 1953 show a loss of £22,701,799 compared with the £25,146,607 loss of the previous year. The Commission was set up as a monopoly importer of raw cotton and was charged by law to provide a futures market on which spinners could cover themselves against risks of price fluctuations. In the last two years world cotton prices have fallen, causing heavy losses mostly due to the depreciation in the value of its stocks. Last year the Commission's difficulties were increased by a reduction in the number of its customers. Cotton spinners who preferred to import their own cotton did so and in 1952-53 these contracting out spinners imported 56 per cent of the cotton consumed in Britain.

* * * * * * *

Japan's Ocean-Going Trade: Japan's ocean-going vessels in fiscal 1953 carried 24 per cent more cargo than in 1952-53 but earned only 1.5 per cent more in freightage charges. The cargo volume carried during the year touched 18,700,000 tons as against 15,020,000 tons in fiscal 1952. Freightage receipts also climbed to 67,800 million yen—a mere 1,000 yen more than previously. The recent world-wide slump in the tramper service, and mounting freightage competition on principal liner lines from Japan to New York, India, Pakistan and Europe were responsible for this poor showing.

* * * * * * *

Investment in Five-Year Plan Slow: With less than two years to complete the first Five-Year Plan, investment in most development schemes is reported to be slow. Against a final target of Rs. 2,244 crores (inclusive of Rs. 175 crores latterly added for solving the unemployment problem) to be reached by 1955-56, only Rs. 944 crores had been invested by the end of 1953-54. Out of this, private investment accounted only for Rs. 60 crores; leaving 150 per cent of actual investment during 1953-54 to be invested during the remaining two years.

* * * * * * *

Central Bank of Dominican Republic: Assets of the Central Bank of the Dominican Republic on April 30, reached a record of $68,244,677, exceeding the previous peak, set in August 1953, by $8 million. Deposits in Savings Accounts accounted for over 50 per cent of the assets which included $21,780,875 in cash and deposits with the Bank. $12,980,828 are held by the Federal Reserve Bank and other U.S. banks. Cash on hand and holdings with U.S. banks were $34,761,702, up 100 per cent on the year. The Bank completed 4,605,000 business transactions in 1953.

* * * * * * *

U.K.'s £300 Million Government Cash Issue: The U.K. Treasury recently announced a cash issue of £300 million in 2 per cent Conversion Stock, 1958-59, at the price of 99½ per cent. In addition holders of 3 per cent National Defence Loan, 1954-58, which is to be redeemed at par on September 2 next, are being offered conversion into the new loan on the basis of £100 of the new stock and a cash payment of 13s. for each £100 of Defence Loan.

MISCELLANEOUS

Use of World Wool Up by 11 Per Cent in 1953: Figures published for the British Commonwealth Committee on world consumption of wool in 1952-53 disclose that consumption of wool in 1953 jumped 11 per cent over the 1952 total to a near record of 2,597 million lbs. U.S.A. used 496 million lbs. being a 4 per cent increase over the 1952 figure. Great Britain consumed 488 million lbs.—a 22 per cent increase over 1952.

* * * * * * *

Snake-Bites Cause 30,000 Deaths Annually: According to the W.H.O., about 30,000 to 40,000 persons die annually as a result of snake-bite. The area included in the report excludes the U.S.S.R., the East European Republics and China. India leads, with Burma coming second with 15.4 deaths per 100,000. South America records between 3 to 4 thousand deaths, North America 300 to 500, Europe 50 and Oceania 16. Africa, though figures are undependable, has an average of 400 to 1,000.

* * * * * * *

I.L.O. Committee's Resolution: Delegates from 20 countries adopted a resolution affirming the rights of school teachers to hold any political opinion and that they should not be subjected to outside inquiry on their beliefs or private life. The statement was issued at the close of a two-week meeting of the I.L.O.'s Advisory Committee on Salaried Employees and Professional Workers. The Committee consists of Government employers and workers' delegates. The resolution adds that school teachers must not suffer from discrimination based on "sex, race, colour, convictions or opinion". The resolution is to be considered by the I.L.O.'s Board of Governors.

NEWS IN BRIEF

INDIAN

The Union Government's Advisory Committee redrafting the Indian Electricity Act of 1910, is expected to treat the supply of electricity no longer as an amenity but as a necessity both in the rural and urban areas.

* * * * * * * *

The Government of India have ratified the Agreement relating to Trade and Intercourse between the Tibet Region of China and India, which was signed at Peking on April 29, 1954.

* * * * * * * *

Subscriptions to the 3½ per cent National Plan Loan during the period May 10 to 31, according to reports so far received, amount to approximately Rs. 23.30 lakhs. The total subscriptions since April 19, 1954, amount to approximately Rs. 80.56 crores.

* * * * * * * *

Total land collections in the Bhoodan Yagna campaign stood at 33,51,131 acres on May 27, according to the All-India Sarva Seva Sangh. The total number of donors all over the country was 2,83,853. About 60,000 acres had been distributed among over 16,000 families.

* * * * * * * *

Fourteen members of the 18-member delegation which will study rural and social education in Denmark, left Bombay for Denmark by air last week. The delegation is sponsored by the Union Ministry of Education, and financed by the Ford Foundation.

* * * * * * * *

Since the creation of the Prime Minister's National Fund in November 1947, the total receipts of contributions received up to February 28, 1954, have been estimated at Rs. 60,54,014-1-1. The contributions between December 16, 1953, and February 28, 1954, were Rs. 35,133-6.

* * * * * * * *

Sri V. Shantaram, member of the Film Advisory Board has consented to act as Honorary Chief Producer, and to supervise and direct the production of documentaries and news-reels in the Ministry of Information and Broadcasting's Film Division.

* * * * * * * *

Sixteen loan applications, involving Rs. 32 crores, and relating to loans for electrical goods, oils, chemicals and mineral industries, textile and miscellaneous manufactures are under consideration of the Saurashtra Industrial Finance Corporation.

* * * * * * * *

Comprehensive legislation on copyrights to replace the existing Indian Copyright Act of 1914, is being considered by the Union Government to cover all offences, and bring it up-to-date. The New Bill may also cover cinematograph films.

* * * * * * * *

The first Air-India International Super Constellation arrived in India last week. The 'Rani of Jhansi' as it has been named has a wingspread of 123 ft. and is 113 ft. long with a weight of 133,000 lbs. The first service flight to London via Cairo, Geneva and Paris will commence on June 19, 1954.

* * * * * * * *

The proposed 500-ton capacity D.D.T. factory in Delhi, estimated to cost Rs. 75 lakhs, expected to go into production this year will be jointly financed by the Government of India and the U.S. Technical Co-operation Authority.

* * * * * * * *

An interim report of the Press Commission, it is learnt, will be submitted to the Government by the end of the month or latest by the middle of July. According to present indications the final report will be ready in October.

FOREIGN

The French National Institute of Statistics has revealed that the population of France rose from an estimated 42.5 million in 1952 to 42.9 million in 1953. A National census is under way, and the results are expected soon. The 1946 census showed that France had 40.5 million inhabitants.

* * * * * * * *

The Israel Cabinet recently approved the creation of a Central State bank to be known as the Bank of Israel, with a capital of £(Israel) 10 million, to be paid up within five years. The bank will provide for interim budget financing over periods not exceeding one year and to an amount not exceeding 20 per cent of the total ordinary budget.

* * * * * * * *

Canadian currency will for the first time bear a portrait of the British Queen. Paper currency is in eight denominations ranging from $1 to $1,000. This simply designed—yet calculated to ensure greater security—currency will be issued in September 1954.

* * * * * * * *

Czechoslovakia is to cultivate at least 200,000 hectares (nearly 500,000 acres) of fallow land in border areas, abandoned during the war, to which end 400,000 workers are to be diverted to the land for three years in order to step up food production.

* * * * * * * *

The Australian National Bank recently reduced the Bank Rate from four to three and a half per cent—the fourth reduction since January 1953. Last month, the West German Bank Rate was reduced from three and a half to three per cent.

* * * * * * * *

A programme to develop irrigation, river transport, electric generation and land development in Asian nations was recommended at the six-day Asian Regional Conference of the E.C.A.F.E. The three-point report on development will be sent to the U.N. Economic and Social Council.

* * * * * * * *

Yugoslav industrial production in the first three months of this year rose by 9 per cent as compared to the first quarter in 1953. March alone registered an increase of 18 per cent. The 1954 Social Plan envisages a 17 per cent increase in industrial production as compared to last year.

* * * * * * * *

According to the U.K. Chancellor of the Exchequer, during the opening months of 1954, Britain's industrial production was 7½ per cent greater than in the corresponding period of last year.

* * * * * * * *

Yugoslavia has signed a barter-trade agreement with Hungary—the first she has concluded with one of the East European Republics since 1949. The agreement allows for the exchange of goods worth $2,500,000.

* * * * * * * *

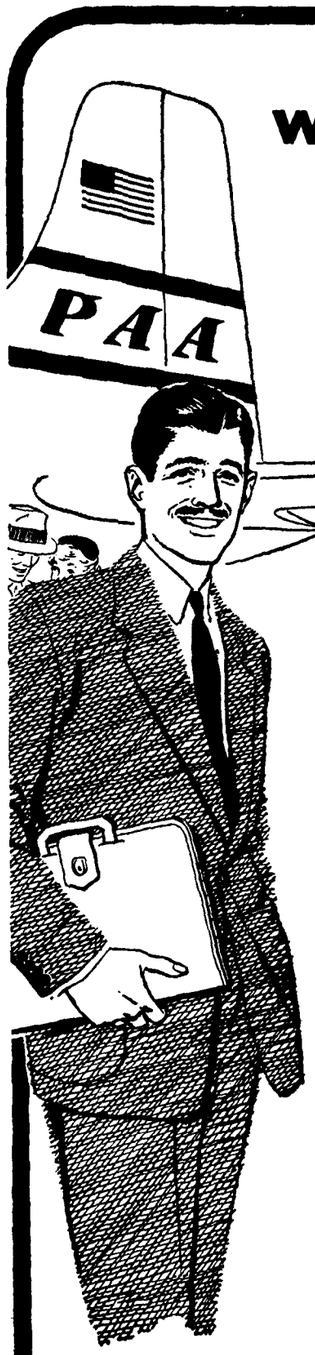
It is learnt that Ceylon has decided to join the "Council for the Promotion of Tea-drinking" formed recently in West Germany under the joint auspices of the Indian Government and German tea importers.

* * * * * * * *

Pay increases totalling £1,651,000 a week were granted to 5,907,000 British workers during the first four months of this year, says the U.K. Ministry of Labour. The first four months saw 711 strikes, involving 154,600 workers, and costing 506,000 working days.

* * * * * * * *

It is reported by official sources that the Danish Government has decided to import 30,000 foreign cars and textiles worth £12,500,000 in the course of the year.



Wonderful flight... it's THE RAINBOW for me from now on !

You can see more places, spend more days at any desired stopover point on The Rainbow tourist service.

Pan American's popular Tourist Service is the new standard of excellence for low-cost air travel. When you fly *The Rainbow* you get all these exclusive extras at no extra fare :

- Giant new "Super-6" Clippers*
- Choice of more flights
- Superb food : bar service available
- Big, soft seats
- More overseas flying experience
- 411 helpful offices

Let your Travel Agent arrange your trip — his services are free. Or call Pan American in :

CALCUTTA	:	42 Chowringhee Tel. Pk. 2078, 2079
NEW DELHI	:	Imperial Hotel Tel. 48172, 48717
BOMBAY	:	Taj Mahal Hotel Tel. 35304
MADRAS	:	Connemara Hotel Tel. 85647
KARACHI	:	Victoria Road Tel. 6081

*Trade-Mark, Pan American World Airways, Inc.

PAA

WORLD'S MOST EXPERIENCED AIRLINE

PAN AMERICAN

PAA 1

A Window On The World

CHANGE AND GROWTH

By

ODYSSEUS

THE ADDITIONAL PROFIT, or to give its technical name, the marginal profit, that an entrepreneur is ready to back his judgment in hopes of making, by installing new equipment or scaling up his output or by taking on extra hands, is the incentive to the expansion and growth of his business. We agreed on that last week. Today I want to elaborate the point, for it is one of the clues to a real understanding of the economic maze, to understanding why, with all its imperfections, the Free Enterprise system offers more hope to mankind than any centrally planned economy.

This particular conception of marginal profit was formulated by Professor Joseph Schumpeter in his "Theory of Economic Development" (Harvard University Press, 1934) and I draw the attention of professional economists to his fourth chapter on "Entrepreneurial Profit", but the tired business man will perhaps find Professor D. M. Wright's exposition in his eminently readable "Capitalism" (McGraw Hill, 1951) more to his taste. I hereby acknowledge with gratitude my debt to these authorities.

The sources of the hope for marginal profits on additional investment are in growth, change, and new inventions. If the population is growing, more goods will be demanded and the consequent tendency of prices to rise may arouse hopes that profit at the margin will rise and thus encourage increased output. Similarly, when tastes change, profits will rise in the industry which satisfies the change and fall in that which sticks to the old routine. For the sake of strict accuracy it is necessary to point out that it is possible that there may be no incentive to a net expansion of the national income if the gain of one industry is exactly cancelled out by the loss of another. But two things can be said about this: (1) If no changes in production are taking place at all, there is no possibility of an increase in the national income; (2) the chances are, in a competitive society, that in order to meet a change in taste, a cheaper or more efficient way of production will be discovered which creates a tendency to increased wealth, or, to put it at its most negative, renders a decrease less likely. And note that some changes of taste are originated not by consumers but by some clever entrepreneur who has a new idea, like cellophane paper for packaging. Finally, if new inventions are applied, costs may be reduced while prices for a time remain unchanged and this will also lead to hopes of profit at the margin and to an increase in output.

THE MOVING STAIRWAYS OF CAPITALISM

Marginal profits are necessary if output is to be increased, but in a Capitalist state they cannot persist indefinitely in any particular case, because when competitors see the high profits to be made in a new line of business, they naturally wish to secure their share by taking up the new line themselves. Wages and other costs are likely to rise while the selling price will be forced down in order to induce consumers to take a greater total volume than before. The Free Enterprise system is always luring entrepreneurs to expand by hopes of additional profit and once the additional profit is secured, the system will not allow entrepreneurs to lean back and take things easily but, by decreasing their profits, incites them to look for new ways of raising profits again and so of adding to the nation's wealth.

Do you remember my recent comparison of the Free Enterprise system to the moving stairways in the underground station at Piccadilly Circus in London? These stairways, moving slowly in contrary directions, the one up, the other down, are always crowded, but never for long with the same people. So with Capitalism, there are always entrepreneurs making money but not always the same ones. There are always profits to be made but not in the same goods and services for ever without change. Professor Wright compares the upper brackets of Capitalist society to a hotel which is always full but is filled with different people over a stretch of time. There is always profit but not always in the same things. There is always an elite of business leaders, managers, directors, entrepreneurs, and so on, but the constant general election of Capitalism in which consumers keep casting their votes, every hour, every day, allows only those who give consumers what they want to remain in the ranks of the elite.

This fundamentally important Free Enterprise conception of growth and change is most easily appreciated by looking at any old print of a bygone era. Look, for example, at the prints of eighteenth century Calcutta—the streets depicted are unrecognisable, having long since disappeared or been re-built in accordance with new demands. The vehicles in the streets are all changed too. Free Enterprise has marched on and filled the streets with new residences, new offices, new amenities (unless, of course, government steps in and takes the amenities away from the public and allocates them a "higher priority" for the "public service" as with those parts of the Calcutta maidan whose priority fills them with rusting lorries), and new conveniences like trams, buses, and taxis, and has developed whole new areas. The process is never ending: Job Charnock would not have recognised the three villages on the river around Nimtollah Ghat granted him by Aurangzebe in 1690 if he had returned only a mere fifty years after his death. The same with Delhi, where, within the memory of men still very much alive, a New Delhi has sprung up. And again, a man who saw the first sods of New Delhi turned on the rising ground above what is now Raisina Road, who had not visited New Delhi since, say, 1940, would expect to find fields and jungle in half a dozen sections where today he would be lost in a maze of streets, shops, and bungalows.

CALCUTTA IN 1978?

But my point cuts both ways: change does not necessarily mean growth: it may spell decay. What will Calcutta look like in twenty-five years' time? Among the departments of the future Central Control Board of 1978, will there be an obscure section planning and controlling one jute mill, sole survivor of the sixty and more mills that once flourished on the Hugli and which made Calcutta the city that it was in the 1920's? Such a possibility must be envisaged, for in recent years the jute market has been so adversely changed by government policies, and the industry's competitive spirit has been so undermined by being taught to look to the government for direction and for help, that its future ability to satisfy the consumers of the world (who have no sentimental interest in the survival of Calcutta) cannot be assumed.

Applying the propositions that I have submitted in this column, the future of the jute industry can be

estimated by asking the questions: What prospects for marginal profit does it offer? Is it worth anyone's while to erect a new jute factory, to expand existing plant, or to re-equip it with some newly invented device that will manufacture gunny bags twice as fast at half the present costs? Is anyone working on such a device today? Is there any incentive for anyone to think about inventing such new machinery?

According to the answers that you give these questions (and similar questions about the tea industry), you will have a picture of the Chowringhee of 1978 as completely re-built, streamlined and gleaming with chromium (or some new as yet uninvented metal), or of a Chowringhee with peeling plaster and cracking walls, the existence of the adjacent tram lines forgotten now that they lie beneath the swamps which have re-asserted themselves over the maidan since the drainage system broke down.

Change is inevitable in this world. Competitive Capitalism can make it more profitable than uncompetitive Socialism.

SAVOURY ROBBINS

My main course is over for this week. By way of a savoury to round off the meal, I summarise some choice remarks made by one of my favourite economists, Professor Lionel Robbins, in his admirable little book "The Economic Problem in Peace and War" (Macmillan, 1950).

I can well believe (says Robbins) that under a collectivist regime some lip service might be paid on the hustings to the desirability of satisfying the consumer. But I find it difficult to believe that much attention would be paid to this in practice. When everything is complicated and difficult there is always a temptation to simplify the problem; I fear that under collectivism there would be many such temptations and that there would be a strong tendency to adapt the people to the plan rather than the plan to the people... Collectivist systems tend by their own logic to organisation in large blocks and to the issue of over-all directives. More probable than the decentralised, semi-atomistic production units, envisaged by such collectivists as Dr. Lange and Mr. Lerner in an attempt to meet consumers' demands, is the organisation of industries in giant corporations, exhibiting in an even heightened degree the rigidities of monopoly Capitalism and little of its tendency, occasionally, to yield to outside pressure. When the state takes over production today, does it show any tendency whatever to pay regard to the requirements of the economic principle? Does it not rather tend to the consolidation of quasi-syndicatlist blocks, unwilling even to reveal their accounts to the public and suppressing competition between their constituent parts even more remorselessly than the most predatory private mergers?...The important thing (Robbins says a few paragraphs later, referring directly to the subject of our discussion today) is not that we should be in an exact state of ideal distribution of resources, but that in a broad way there should be no obstacles to gross divergencies and that our organisation should be such as to afford the maximum scope for continual progress by way of cost reduction and innovation. I find it difficult to believe that this state of affairs is more likely to be achieved if competition and diffused initiative are eliminated...Both as an incentive and as a rough test of survival value, I do not know of any substitute for competition between independent units with a free field for new entrants. I know of no evidence which shows that the suppression of competition in this sense promotes efficiency, I know much that suggests that it is in this way that efficiency is retarded....As a general principle of organisation, I prefer the diffused initiative and quasi-automatism which go, or can be made to go, with private property and the market.

A HINDUSTAN TIMES PUBLICATION

INTERNATIONAL SHORT STORIES

A collection of 41 selected stories from among those entered for the recent World Short Story Competition and the national competition held in India.

This book contains those five stories which shared the world prize of $5,000, including the now famous Indian story "Cyclone" which won $800.

TWENTY-THREE countries of the world and all the major regional languages of India are represented.

* Full Cloth Binding — Attractive Jacket *
420 Pages — Price Rs. 8/-

POSTAGE EXTRA

THE HINDUSTAN TIMES
NEW DELHI

WARNING

Certain unauthorised persons are reported to have booked orders and collected advance payments for these well-known brands of sewing threads. So that the public may be careful in their dealings with such persons in future, we announce that the following firms only are our representatives for our yarns and sewing threads:—

BOMBAY 4	Messrs. Nahalchand Laloochand Ltd. Kantilal House, 14, New Queen's Road Messrs. Himatlal Laxmichand Ltd. Kantilal House, 14, New Queen's Road
DELHI	Messrs. Nahalchand Laloochand Ltd. Sadar Bazar
AMRITSAR	Messrs. Nahalchand Laloochand Ltd. 275, Katra Moharsingh
CALCUTTA	Messrs. Nahalchand Laloochand Ltd. 7, Swallow Lane
BANGALORE CITY	Messrs. Himatlal Laxmichand & Co. 95, Mamulpet
MADRAS 3	Messrs. Nahalchand Laloochand Ltd. 99, Nainiappa Naick Street, Park Town



KOHINOOR MILLS CO., LTD.

Agents: KILLICK INDUSTRIES LTD.

Sole Yarn Selling Agents: NAHALCHAND LALOOCHAND LTD.

Supreme ICI Paints

FOR BETTER PAINTING

Even the best paint can give poor results if applied incorrectly or over an unsuitable surface. Free technical advice, including practical demonstrations in your own paintshop, has always been a feature of the service offered by I. C. I. to their customers.

'DUCO' 'DULUX' 'NECOL'

each with its distinct process and use, are supported by Technical Service of the highest quality.

'DUCO' 'DULUX' 'NECOL' are now manufactured in India by THE ALKALI & CHEMICAL CORPORATION OF INDIA LTD.

Sole Selling Agents:

IMPERIAL CHEMICAL INDUSTRIES (INDIA) LTD.

Calcutta Bombay Madras Kanpur New Delhi Ahmedabad Amritsar Bangalore Cochin

Available from I.C.I. appointed Stockists and dealers everywhere

IX G 349

A DELHI DIARY

THE main topic for conversation in New Delhi is still the weather. The temperature still hovers above normal. But 'normal' still provides a fairly hard endurance test. The exodus has proceeded rapidly and sources with accurate information tell me that not a little of it has been to Kashmir where there has been this year an all-time record for a tourist season. I am not sure that the holding of public conferences in Srinagar is good for private tourists. The price of house-boats has responded steeply to demand, and since supply in the short period is constant (as the economists tell me!) my proposed visit to Kashmir has been abandoned because of strictly pecuniary considerations. I give warning, however, that in the next two weeks I shall find some other less demanding abode, and, therefore, 'A Delhi Diary' is likely to be absent for at least two consecutive weeks soon to come.

WHAT HAPPENED IN PARIS?

What happened in Paris? A not very edifying discussion is going its rounds in Delhi as to what happened in Paris. It is certainly true that the negotiations there were arranged in what seemed undue haste. It is possible, as one enterprising Special Representative has put it, that really good work was done in Paris; only its first fruits are in the future. But if this good work was done it has not been described either by the Ministry of External Affairs or the French Foreign Office. As far as I can see from the communique issued on both sides it looks as if—an irresistible force was meeting an immovable object! The result is appropriately described by Mr. R. K. Nehru, leader of our delegation, as views which were "irreconcilable".

If views are irreconcilable, then what can be the meaning of the negotiations which are proceeding now? Count Ostrorog, the French Ambassador here who was also at Paris as a member of the French team, has been in and out of the External Affairs Ministry often enough to ask whether a new formula is being considered. Nothing is more exasperating to the members of the Press than to find the answer is 'Yes', 'No', 'May be', 'Yes and No', everything except a straight answer. It almost seems as if the tortuous ways of diplomacy have now spread to the reporting of diplomatic moves.

In any case it seems to me that some reflections on the members of our delegation which have been made in Delhi are wholly unfair. It matters little who suggested the sending of a delegation in the first instance or which official made a wrong (or right?) assessment on the advisability of this meeting. The policy of the Ministry of External Affairs is that of the Minister and not that of any official. Therefore, no official should be held responsible by the country for any mistake which may have been made. Policy matters are essentially for the Minister to explain. I am quite sure that the last thing that the Minister for External Affairs would desire is that he should have a scapegoat for a failure of expectations in this matter.

NEGOTIATING: ART FOR ART'S SAKE?

No explanation is due, it seems to me, in regard to the policy of negotiating, whatever its fruits. After all, not all negotiations can be successful. The essence of negotiation is that it gives each side greater knowledge of the other and this knowledge in itself (even when negotiations fail to produce agreement!) is very valuable. I once heard a noted diplomat say that negotiations in the Cold War were essential merely for this reason. The Free World does not know how strong the Communists are. It is only in the process of give and take in negotiations that one can arrive at an assessment how strong one's opponent is. Or is this merely normal and, therefore, not good Marxist behaviour? The records of negotiations with Stalin in the War seem to show that (for a brief period!) he was nearly normal. It may be, however, that at the Geneva Conference at present the masks worn by the Communists provide no good reading of their strength in the great open spaces which they command. Mr. Krishna Menon is, therefore, probing behind the lines!

I wonder whether in this whole problem of negotiation we have appreciated adequately the great advantages which stonewalling gives to the Communist side. For example, on the Chinese agreement with India on Tibet which we seem to be in some unseemly haste to implement at once, the mere digging in of their toes has given the Chinese everything they wanted,—the withdrawal of our garrisons, the taking over of our Rest Houses and (free and for nothing!) our telegraph lines. Here, indeed, was a successful conference in terms of the final agreement. But if this is reckoned as a successful conference there are many people in India who would like to see some really good stalemates. What has India obtained but a general assurance of fair passage, which surely should have been available in the first instance. Or am I wrong? Was this beautiful preamble (to whose authorship there are at least three claimants!) not to be obtained except by our packing up our shop and giving everything away as junk? Must we buy goodwill from the People's Republic of China or is it always there? I should have thought that we had it before our latest act of surrender but it may be that the Marxist materialists must always have a quid pro quo; people with a great spiritual tradition can afford to be less circumspect.

MALARIA WEEK

This is Malaria Week in Delhi as elsewhere and the State Government has launched an anti-malaria campaign with all the publicity that usually accompanies health (propaganda) measures in Delhi City. Neither the oppressive climate nor the serious political crisis within the Delhi State Congress Organisation has deterred the State Government from sending out gallant squads of anti-malaria workers equipped with charts, posters and lantern slides. It seems Delhi State has secured its proportionate share of two out of 90 anti-malaria operational units in the country—now distributed at the rate of one unit for every million people! But the demonstration workers have a formidable task of enthusing a public which has obstinately insisted on discussing the city's water shortage and the anxiety over the growing number of unauthorised private schools because of the inadequate public provision.

It seems, however, malaria is no problem at all in Delhi. The incidence has dropped from 180 per 1,000 in 1933 to 2.1 per 1,000 in 1952 and in the rural areas the decline is about 80 per cent. But Malaria Week has been appropriate for one reason that it has given opportunity to the Press to recall the magnificent work of Sir Ronald Ross whose painstaking research has been so rewarding to humanity—as it undoubtedly was to Sir Ronald Ross himself, when he succeeded in discovering the malaria parasite. Sir Ronald Ross belonged to the Indian Medical Service and India has not only a legitimate first claim on his discovery, but also due obligation to cherish this benefactor's memory.

ARGUS

SPECIAL ARTICLES:

INDIAN AGRICULTURAL PRODUCTION, 1953-54

THE latest estimates of agricultural crops for 1953-54 make 1953-54 an annus mirabiles. Food crops in particular have registered a marked improvement. It was believed that this was India's best year; but almost no one is prepared for the consolidated figures now appearing.

The final estimate for rice discloses a rise of 20.4 per cent from 22.5 to 27.1 million tons which is an all-time peak. Even the most chronically deficit States have reported surplus of rice. Wheat is also estimated to have improved from 6.8 to 7.3 million tons. The table below outlines the estimated increase both in acreage and production.

The detailed calculations made for "The Eastern Economist" Index of Indian Agricultural Production (shown below) reveal a rise of 14 points in the General Index from 105 in 1952-53 to 119 (provisional) in the year 1953-54 with regard to base 1936-39=100.

The most remarkable rise in the General Index is mainly because of the index for food grains which has jumped by 16 points from 103 to 119. All the constituents of this index have moved up, rice being the leader.

The only crops which have shown a downward trend in production are jute, linseed and sugarcane.

The natural consequences of a happy food situation are a reduction in imports of cereals. Only a negligible quantity of wheat is being imported so as to build up sufficient stocks. As against 4.7 million tons in 1951 and 3.9 million tons in 1952, the imports of cereals during 1953 totalled 2.0 million tons which was the lowest figure since Independence.

FOOD GRAINS, ACREAGE AND PRODUCTION 1952-53 AND ESTIMATED 1953-54.

(Figures in millions)

	1952-53		1953-54	
	Acreage	Production	Acreage	Production
Rice	74.2	22.5*	76.5	27.1*
Wheat	24.0	6.8*	25.1	7.3†
Barley	7.5	2.7*	8.0	2.8†
Corn	8.8	2.6	9.4	2.8†
Jawar	41.9	6.0	43.4	7.3†
Bajra	26.6	3.2	28.8	4.2††
Ragi	5.4	1.2	5.5	1.6††
Small Millets	12.2	1.9	12.4	2.2††
TOTAL	200.6	46.9 (100)	209.3	55.3 (118)

* Unrevised final official estimate.

† Based on preliminary incomplete non-official estimates.

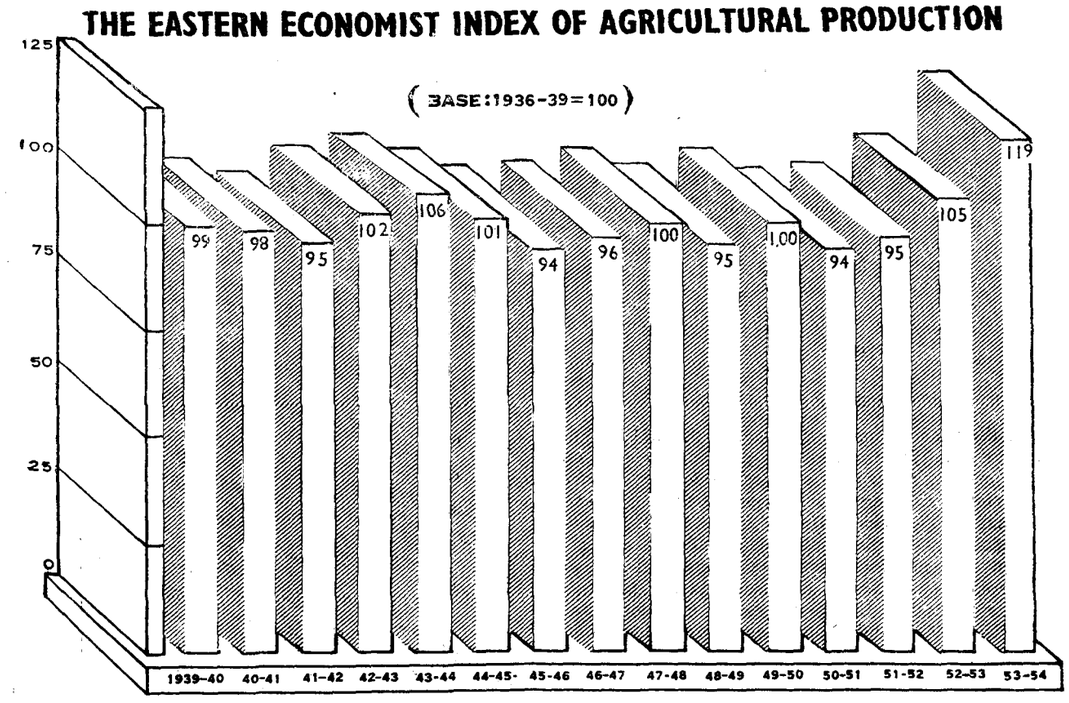
†† Estimated.

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	77	57	64	67
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**	**102**	**106**	**101**	**94**	**96**	**100**	**95**	**100**	**94**	**95**	**105**	**119**

(*) Revised. p-Provisional.



THE RELATION BETWEEN POPULATION AND FOOD

By DR. B. S. AGARWALA, M.A., Ph.D. (London), Professor of Economics, Birla Arts College, Pilani.

DURING the past two centuries, the population of the world has more than trebled itself, from nearly 730 million persons in 1750 to about 2,390 million in 1950; and the growth in various regions has been, generally speaking, much faster than the increase in food supplies. This fact was brought to light by Malthus in his famous Essay on Population, wherein he pointedly drew attention to the problem and presented his double-pronged checks—the "positive" and the "preventive" —which, he said, were incessantly in operation to keep the population in check. His was a pessimistic forecast made at a time when England was passing through the darkest period of life; when, according to his theory, the people in various parts of the world were multiplying much faster than, and tending to outstrip the means of, food supply. This gave rise to the idea of 'under-populated' and 'over-populated' countries in reference to the material resources nations had at their disposal; which, in its turn, gave birth to much controversial matter on the subject.

Happily the controversy about 'under' and/or 'over' populated areas is by now over; and modern thinkers have begun to associate their ideas to an OPTIMUM concept of population. It is now held that there is nothing like 'under' or 'over' populated regions; it is in terms of the material resources available to a nation with reference to her population needs that her 'prosperity' or 'decline' must needs be judged. Economists now seem to be generally agreed in visualising an 'optimum' level—as yet not clearly specified and not amenable to any measuring-rod—that they think would hold good; and, which if persisted in, should lead to the desired goal of plenty. Were such a level realised in practice, through either a carefully graduated growth of population, or a steady growth of material resources, or partly of both, modern thinkers firmly believe that the ills of the world, resulting from an inordinate growth of population almost unchecked, would happily be got over, ensuring an era of reasonable plenty.

That such a goal, as contemplated by the modern economists, is well within the realms of realisation is not denied; but the idea of the 'optimum' is still so vague and so ill-defined that it is not possible to measure it exactly. Even the existence of a close relationship between population and the material re-resources within the reach of a nation is not yet fully understood to any measurable degree of accuracy. While studying the problem, the writer happened to stumble on a formula, which he ventures to put forth before the intelligentsia for such use as they might be able to put it to, in grappling with the huge maladjustments of population to the scarce resources at present available in various parts of the world. An appraisal of such a liaison from the mathematical standpoint will, it is hoped, serve to stimulate further thought on the subject, particularly in the Indian Union where the problem is presenting a sinister look nowadays.

Let "P" be the population in millions of persons, and "F" the total food resources in millions of tons available in a country. Not all the population is likely to consume the entire food supply; nor will be whole of the supply be available in its entirety for consumption. For, some of the young children and infants have to be fed on milk, and some of the food supply is bound to be wasted in cleansing and grinding processes. While preparing estimates for the First Five-Year Plan for the Indian Union, the Planning Commission has made an allowance of 15 per cent on the former count, and of 12½ per cent on the latter. Though both these allowances appear to be fairly reasonable, it is felt that the allowance made in respect of children is a slight underestimate in view of the changing pattern of population and the increasing number of children during the past three decades. To err on the safe side, an extra allowance of one per cent—of 16 per cent in all—for children is suggested; and the allowance of 12½ per cent for wastage is kept intact. Thus, ⅞th of the entire food supply would be available for consumption

for 84 per cent of the grown-up persons for 365 days in a year. Assuming "Q" to be the quota of ration available 'per capita per diem', the undernoted equation would hold good between P, F and Q in any country in a given year:

$$\frac{7}{8}\ F = \frac{84}{100}\ P\ \frac{Q \times 365}{20 \times 4 \times 28 \times 16}$$

OR,

$$F = \frac{83 \times P \times Q \times 73}{100 \times 4 \times 4 \times 2 \times 7}$$

$$= \frac{219 \times PQ}{224 \times 100}$$

In the above equation the fraction 219/224 is almost equal to a unity; this would be particularly as if only 15 per cent of allowance were made for the children. The error in treating this fraction as unity would be less than .08 per cent. Hence, if we were to ignore this deficiency—which would incidentally be erring on the right side to allow for further wastage, if any, and the increasing number of children that are fast being added to the Indian Union—we get an equation obtaining between P, F and Q, in the undernoted simplified form:

$$100\ F = P\ Q.$$

It must be carefully noted that "P" means millions of persons; "F" means millions of tons of food supply; and "Q" is the quota in ounces 'per capita per diem', available out of the existing food supply. Given any two of these three unknowns, the third one can readily be computed. For example, the population of the Indian Union was round about 360 million persons in 1950-51, and her food supply was in the neighbourhood of 45.5 million tons. How much of "Q" was then available to her people 'per capita per diem' can readily be calculated with the aid of the above equation. Substituting the values for P and F in the given equation, we get:

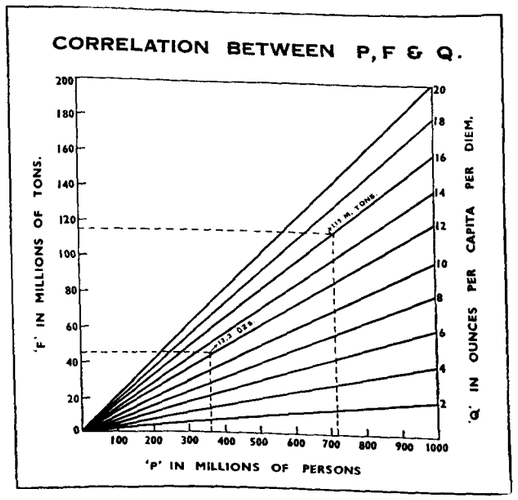
$$100 \times 45.5 = 360 \times Q$$

$$\text{Hence } Q = \frac{100 \times 45.5}{360}$$

$$= 12.63 \text{ ounces approximately.}$$

It is not understood how the Planning Commission arrived at an estimate of 13.67 ounces 'per capita per diem' in their Report. The writer ventures to think that there is some mistake in their calculation. There is an obvious excess of about an ounce in their computation.

The equation obtained above may with advantage be shown in the form of a diagram appended below, wherefrom the relations obtaining between P, F and Q can be read off at a glance.



Given any two quantities, the third one con be spotted out to a fair degree of accuracy. Thus, if the population of the Indian Union were to double itself to 720 million persons in another seventy years or so—as there is every prospect for it to grow unless checked through certain measures of birth control—we shall need some 115 million tons of food supply to feed her people at 16 ounces 'per capita per diem' round about 2021. Whether or not we shall be able to raise our production potentials to this level—from its existing level of about 50 million tons of food—is a questin well worth investigating; or, alternatively, if this were not possible, how best we can control the 'improvident maternity' within reasonable compass to ward off the ill-effects of scarcity, is the second aspect that deserves the careful attention of all concerned. These are weighty questions of policy and control which merit our consideration in general, but of the States and the public bodies in particular, on whom the burden of the problem mainly rests.

JUST OUT!
UP-TO-DATE LAW ON INDUSTRIAL RELATIONS
COMPANION VOLUME TO DIGEST OF LABOUR LAW CASES
by V. B. KHER
Pp. 708 Rs. 22/8/- Packing & Postage Rs. 2/-
also available
DIGEST OF LABOUR LAW CASES
Rs. 20/- Postage & Packing Rs. 1/14/-
BOOKS INDISPENSABLE TO ANYONE WHO HAS ANYTHING TO DO WITH EMPLOYER EMPLOYEE RELATIONS
Available from all BOOKSELLERS or from
THACKER & CO., LTD.,
Rampart Row, Fort, BOMBAY.

THE BUSINESS WORLD

A BANKER'S REPORT

The long awaited report of the Shroff Committee on finance for the private sector, which was released last week, has turned out to be a sensible and workmanlike document. Naturally, a report of this kind, being the only realistic survey of the sources of finance available to private industry, goes into a variety of matters. The recommendations range from correcting lacunae in legislation—vide Section 17(13) of the Reserve Bank of India Act which has to be amended in order to enable the Reserve Bank to open accounts with Indian banks operating abroad—to the reduction in the stamp duty now leviable on bills of exchange. Broadly and generally, however, the Committee's report makes four important points. In order that the significance of the suggestions may be better appreciated—for the report is likely to be an influential one—it is necessary to deal more particularly with these.

The first contribution is that the problem of finance is itself analysed in larger perspective. More important and more relevant issues must obviously be taken into consideration. Labour legislation and government policy regarding nationalisation have been referred to, for example. In view of the tendency in some quarters to think that the uncertainty which is produced by tribunals is not great and that the awards rest on rational principles, this plea for a reasonable measure of freedom—even to the extent of lifting the restrictions on the transfers of shares of financial corporations—is undoubtedly of considerable importance. The second main point made by the Committee is that in the interests of maintaining the banks' liquidity, the Reserve Bank should review its own position. The suggestions made in order to increase central bank aid include the following.

(i) The common grievance that shares and bonds of the financial corporations and trustee securities carrying a guarantee by the Central or State Governments are not acceptable as security for advances granted by the Reserve Bank is examined by the Committee. Section 17(4)(a) of the Reserve Bank Act lays down that the Bank may make advances to scheduled banks against the security of stocks, funds, and securities in which a trustee is authorised to trust money. The present restrictions are, therefore, meaningless.

(ii) The bill market scheme, it is recommended, should be further liberalised, both by bringing more banks within its scope and by modifying the monetary limits of eligibility.

(iii) On the analogy of the present bill market scheme, arrangements for medium-term financing, involving an amendment of the Reserve Bank of India Act, if necessary, are recommended.

(iv) A common grievance of the leading scheduled banks is that they are not recognised as eligible to provide banking facilities to quasi-public institutions. The financial rules of government have been uncompromising in this matter so far. It is recommended that at least so far as the leading banks are concerned, this position should be reconsidered.

The Committee has made a number of recommendations which are of interest to the leading scheduled banks. But it has not committed the mistake, which is common, of ignoring the unorganised sector. Naturally, it is impossible, while on this subject, to be very precise. The bill market scheme can be extended to cover multani hundis; if this proves to be difficult, these hundis can be accepted as cover for advances by the Reserve Bank; the stamp duty on bills of exchange can be reduced. But the real problem which is involved is that of establishing a direct link between the indigenous banks and the central bank; and this depends on the segregation of the banking accounts of the indigenous bankers. Now that this matter has been reopened, the shroffs and the Bank must both realise that the negotiations must be pushed to a conclusion.

The fourth major suggestion of the Committee concerns small-scale industries. The exact shape which the finance corporation—which has been independently suggested by the Ford Foundation—should take has been suggested in some detail, an interest-free loan from the Central Government of a sum of Rs. 10 crores being the principal source of the suggested Corporation's funds. Joint-stock banks will be among the other institutional investors participating in the share capital of this Corporation. This is, from the point of view of the scheduled banks, practically unexplored territory at present. Needless to say, if the Corporation is set up early and if it leads to small-scale industrial development, the scope for increasing the earnings of the Indian banks will be very greatly widened.

The action which has been suggested by the Shroff Committee is mainly for the Reserve Bank of India to take. This makes the problem a good deal easier, of course. Although the Committee has been in no illusions about the efficacy of overhauling mere financial arrangements, a realisation by the private sector and the banking industry that the authorities are alive to the need for facilitating lending should go a long way at present.

FINANCE FOR THE PRIVATE SECTOR

By

CROESUS

The Committee appointed by the Reserve Bank of India early in October 1953 to examine how increased finance could be made available to the private sector has reported. Presided over, as it was, by an able financier and business man such as Mr. A. D. Shroff, the Committee has done its work in a most business-like manner. It chalked out its programme of work, examined witnesses, recorded evidence, drafted and finalised its report and released it to the public exactly eight months after the date of its appointment, and this when there were on the Committee persons like Mr. Shroff, Mr. S. Anantharamakrishnan and Mr. B. T. Thakur, among others, who are all so busy that ordinarily it is difficult to get at, and talk to, them leisurely even after prior appointment. Despite the remarkably short time taken, it is noteworthy that the Report does not bear any evidence of being hurriedly drawn up. It is precise and to the point, and does not traverse beyond the terms of reference. The secret of this achievement, it seems to me, lies in the fact that the whole field was such familiar ground to the Chairman and the members and in the task being limited only to the translating of this experience into writing and the supporting of the several statements and observations made with suitable official and authentic data, most of which was readily available with the

Reserve Bank—there were three people connected with the Bank. I say "most of which" and not "all" advisedly, because the Committee itself has made a specific reference to the inadequate data relating to joint-stock companies. (Vide recommendation No. 10).

In the very first of its recommendations, I think, the Shroff Committee treads on somewhat controversial ground. For instance, it has clearly told the Planning Commission that the data available to it (the Shroff Committee) does not substantiate the view of the Commission that finance was by no means a major limiting factor to private industrial investment so far. This means that either the Shroff Committee could not have access to all the data that was available to the Planning Commission, which seems improbable, or the Planning Commission is not right in advancing such a view. Surely the Planning Commission will come out —it should, if it is sure of its grounds—with a statement explaining the position fully. Otherwise, the public will have no other alternative but to accept the later finding of the Shroff Committee.

Prima facie, one is inclined to share the view of the Planning Commission, and this is also borne out by some of the recent studies on investment in the private sector by bodies such as the Employers' Association of Calcutta and the Federation of Indian Chambers of Commerce and Industry. Although the investment by the private sector in the 42 industries scheduled by the Planning Commission may not have come up to the Commission's expectations, the total overall investment of the private sector—which was mainly financed from out of reserves of joint-stock companies and E.P.T. refunds received by them—was not inconsiderable. To quote the Employers' Association (vide p. 12 of "Achievements of Private Enterprise"), "that there should have been an addition to fixed assets at the rate of 8 per cent annually, in the midst of so many difficulties, is something to be proud about." The period in question here, I must, however, add, is 1946-50, while the first year of the First Five-Year Plan was 1951. It is, therefore, not improbable that, by April, 1951, from when only the Plan can be said to have started, the private sector had well-nigh exhausted its built-up reserves and resources, while, at the same time, the net annual addition to capital formation was of negligible proportions.

Whatever the position up to 1951-53, it is quite evident that unless new capital investment is sizable in the next few years, even the modest target of the Planning Commission cannot be reached. Referring to this aspect the Report observes that "while some progress has been registered in regard to investment in new capital, it has not been commensurate with the expectations; and, in order to reach the planned targets, annual investment in new capital will have to be raised to about double that in the period 1951-53". Does this mean that, if there is further new investment of Rs. 156 crores more (double the annual new investment in 1951-53 or Rs. 52 crores every year during 1953-56, or Rs. 156 crores) all the targets in the Plan will be achieved? This compares with the Planning Commission's estimate of a new investment to the tune of Rs. 233 crores during the whole of the Plan period (in addition to Rs. 230 crores on modernisation and Rs. 150 crores for working capital). Out of this, the estimated new investment in the first two years was Rs. 45 crores which means that the total new investment over the whole of the five-year period would be about Rs. 201 crores (Rs. 45 crores plus Rs. 156 crores) that is about Rs. 32 crores less than the original estimate of the Planning Commission.

Be that as it may, I am happy to find the Shroff Committee has endorsed the opinion expressed by me in these columns at the time of the Committee's appointment that it is not provision of more finance alone that can resuscitate the private sector of our economy. Not until the several inhibiting factors, to which the Committee has referred at length, are removed will the private sector come into its own. I also feel flattered that the Committee shares my view on parallel ownership of industries when it says that "private enterprise should not be subjected to unfair competition from Government-owned units in the same industry through grant of special concessions to such units." There can be only one solution to this, namely to subject both to the same treatment in the matter of taxation, supplies of controlled raw materials, transport priorities, financial accommodation, etc. This is not being done now and I have my own doubts about the Government accepting the suggestion.

The Shroff Committee, I find, has referred to the difficulties caused by the imposition of a variety of additional obligations on employers by legislative measures or by tribunal awards in regard to payments to labour employed and conditions of employment. Surely the Government of India cannot be unaware of it, especially after its experience of the latest Banking Tribunal's award. The need to examine this question is urgent in the context of the buyers' market that has since emerged all the world over. We in this country may not be able to retrace the steps to the same extent as some South American countries are reported to be doing, but we must be able to tell all concerned—labour, capital, and Government alike—that the best interests of the country permit of our going only thus far and no further. Of course, with the further raising of the national income of the country, when that comes about as a result of the implementation of the Plan, further measures could be taken to raise the standard of living.

I do not have the space here to go into all the recommendations of the Shroff Committee. Nor does it seem necessary. But what is really noteworthy is the frank assessment of the Committee itself that, even if all its recommendations are implemented, the total extra investment that would result would be far from adequate to serve the needs of the country. Hence its recommendation urging that Investment Trusts, Unit Trusts, etc., should be set up to assist industrial investment. In this connection, the Committee not only welcomes the proposed Government-sponsored Industrial Development Corporation and the Corporation to be started with the aid of the World Bank but also suggests the setting up of yet another Special Development Corporation to assist medium and small-scale industries. It is these industries, as the Committee rightly says, that are really very hard put to it to find the requisite extent of capital, working capital especially. Although, to start with, one feels that even the Shroff Committee has done no more than to suggest a few more corporations thus, on a closer study of the Report, one finds that the Committee is not merely content to add to the number but is at special pains to suggest closer co-ordination and a degree of uniformity in the working of these corporations besides expanding the scope of their work. One very simple suggestion, for example, is that these corporations should take as much interest in marketing and popularising the products of the units they help as the units do in making them. When the Government of India itself is asking foreign firms who ask for a tie-up with Indian firms to extend their interest and assistance to marketing, the Shroff Committee is on solid ground here. The Government may endeavour to ensure this and also do all that the Committee has recommended—amending the Reserve Bank of India Act, the Imperial Bank of India Act, the Insurance Act, the Industries Act, etc., but not all of it will yield results, unless, as the Committee pertinently observes, "all elements constituting the economy of the country are willing and prepared to develop a new outlook and shed preconceived ideas". Free India needs and demands such a recrientation of outlook.

BOMBAY AFTER DIVISION ?

By

CROESUS

Three important issues have been discussed by the Committee of the Indian Merchants Chamber, Bombay, in a 16-page closely and carefully argued memorandum which it has submitted to the States Reorganisation Commission. The first is whether it is necessary and proper, at this stage, to re-draw the map of India on a linguistic basis; secondly, whether Bombay should form part of any other linguistic unit, in particular of the prospective Maharashtra State, or should remain as a separate unit with an exclusive administrative machinery for the city; and, thirdly, whether other port towns, like Calcutta and Madras, also should be constituted into separate city States. The Committee's answer to the first question is an emphatic 'No'. It is strongly of the view that, till the country has achieved a fair measure of stabilisation and has succeeded in consolidating its position and status as an independent nation, "it would be premature and fraught with possible developments of an ugly character to embark upon the enterprise of re-drawing the internal map of India". This is a point on which there can be more than one view, as should be obvious to anyone by now. But it is best that the question is left to be decided by an expert and impartial body such as the States Reorganisation Commission.

The Committee of the IMC is equally emphatic that Bombay should not form part of any other linguistic unit and, in this connection, it has dug out from the archives historical evidence right from the days when Bombay was a group of seven islands with only the 'kolis' as its inhabitants to disprove the contention of the protagonists of United Maharashtra that from ancient times Bombay has been a part and parcel of Maharashtra. In the opinion of the IMC Committee, the case of Bombay for being constituted into a separate province is justified on all relevant considerations, namely territorial, administrative, economic, and strategic, and it supports its contention with impressive statistical and other data. According to the Chamber, there can be no doubt that "Bombay is a multi-lingual unit with a cosmopolitan population drawn from all parts of the country. It has the necessary resources, financial and otherwise, to sustain a stable and adequate administrative machinery. Bombay has got no special affinity from any point of view with any particular contiguous area. It is of all-India importance, because, together with its peerless harbour, its trade, industry and commerce and its cosmopolitan culture, it is truly the Gateway of India". For all these considerations, the Committee contends that "if redistribution is ultimately decided upon, the case of Bombay for being set up into a separate province is irresistible". To the writer, of course, it has always seemed that all important port towns should be Centrally administered and managed as separate city States, and this necessarily applies to Bombay, perhaps more so to Bombay than to the other port towns.

In regard to the suggestion for separate administrations for Calcutta and Madras, the IMC Committee feels that the argument is based on a mistaken notion and has no logic or rationale behind it. I would not, however, like to dismiss the contention so cheaply. But there is point in what the IMC Committee says that Calcutta is a linguistically homogeneous unit in the State of Bengal. Now that the question of the city of Madras has been settled, it is perhaps not statesmanlike, especially in these days, to reopen the question.

Just Out!
HINDUISM
DOCTRINE AND WAY OF LIFE
by
C. Rajagopalachari

This is an expansion of the same author's VEDANTA, **The Basic Culture of India,** and presents in a brief and fairly understandable form the elements of Hindu faith and ethics, a knowledge of which will enable one to grasp the ethos of India.

Superior Cloth Binding **Price Rs. 3/-**

Postage Re. 1/- extra

The Hindustan Times
NEW DELHI

THE
UNITED
COMMERCIAL
BANK LTD.
Head Office : CALCUTTA.
PAID-UP CAPITAL : Rs. 2 CRORES.
RESERVE FUND : Rs. 80 LACS.
FOREIGN BRANCHES :
IN PAKISTAN : Chittagong, Karachi.
IN BURMA : Rangoon, Moulmein, Akyab, Mandalay, Bassein.
IN MALAYA : Singapore, Penang.
IN UNITED KINGDOM : London.
ALSO AT : Pondicherry, Hongkong.
Agents throughout the world.
All Types of Banking business transacted.
G. D. BIRLA
Chairman.
B. T. THAKUR
General Manager.
INVEST IN OUR
3-YEAR
Cash Certificates
ASP UC-3/56

BUSINESS NOTES

LIBERALISATION OF OIL EXPORTS

Examining the effect in operation of the Government of India's policy to liberalise the exports of oils and oilseeds announced recently, the Board of the Bombay Oilseeds Exchange arrives at the conclusion that the policy falls short of adequate relief for expanding sales overseas where demand is increasing, while failure to lift burdens on certain seeds is depressing the prospect of export. Since time is one of the urgent elements in the situation and belated decisions may prove harmful, the Board has made a pressing representation to the Chief Controller of Exports, Government of India, to take prompt action to stimulate exports.

The Board's major request relates to castor oil. Two aspects of the trade in the commodity urge further liberalisation of policy. In the first place, the domestic demand for castor oil is only a fraction of the total demand and this commodity can command a good dollar market. After the lapse of a long interval, the United States which is the principal buyer of castor oil has given concrete proof of its interest in procurring supplies from this country. The Board has urged that free export of castor oil should be permitted forthwith since it is in no way harmful to the country's interest, or alternatively, additional large quotas should be allowed for export with the period of availability of licences extended up to the end of the current calendar year. The quotas for which the period ended in April last should be offered the concession of an extension of the period up to the end of July next. The current year's crop is awaiting disposal in the market and prices are fluctuating downwards. According to the Board's estimate, exports up to April were as low as 5,000 tons only. In view of the marginal home demand, there is a strong case for modification of export policy for castor oil on the lines suggested by the Board.

In the case of kardiseed and nigerseed, the futility of the continuance of the export duty has been stressed even from the revenue point of view. The modest volume shipped abroad will bring no mentionable customs revenue to the Exchequer and on the contrary the duty has weakened the competitive position of the two seeds by putting up the price offered to the overseas customer. The Board's plea for abolition of the export duty on them seems justified.

TEA FOR EGYPT

The Egyptian consumer's preference for particular grades of tea has been a powerful factor that has helped the Ceylon tea trade to develop an expanding market in that country. Other exporting countries, including India, did not build up sizable sales in Egypt partly because of this preference and also because the overall demand was restricted by the slow progress which tea has made as a popular beverage in that country. Ceylon's average exports of tea to Egypt range in the neighbourhood of 21 million lbs. per year. This volume of export now stands suspended for the present due to developments which are not of the Ceylon trade's making.

This market has been temporarily transferred to India as a result of the currency arrangement between this country and Egypt in respect of their trade, which was concluded with the purpose of stimulating consumption of Egyptian cotton by India. Payment in Indian currency, which Egypt undertook to accept for her shipments in pursuance of this arrangement, has brought an obligation to Egypt to increase her imports of Indian goods to utilize Indian rupees earned by her. Egypt's accummulation of Indian currency has given an urgency to increasing the volume of import of Indian products. It is in this situation that the Egyptian Government has put a ban on import of Ceylon tea. Whether this diversion will prove a purely passing phase after which the old pattern of tea trade will be re-established or whether that pattern will be modified in some measure as a long-term change cannot be affirmed categorically. Since India needs imports of long staple cotton as part of her normal requirements of the fibre, it is in her own interest to consolidate the position she has acquired in respect of tea export and hold the market by supplying the higher grades which Egypt wants. In a buyers' market which is now being established this is a pressing necessity.

OIL PRESSURE LAMPS

The case of the oil pressure lamps industry for continuance of protection was taken up for public hearing by the Tariff Commission last week. Since protection was first granted by converting the revenue duty of 30 per cent ad valorem into a protective duty at the same rate (to which a surcharge of 1½ per cent was subsequently added) three years ago, this war-time industry has rendered proof of progress under protection. The condition imposed at the first grant of protection, namely, that the improvement in the industry up to a satisfactory degree should be tested one year after protection, for further continuance, was fulfilled by it. It is, however, not clear what criteria of improvement and progress in quality were applied. But the former Tariff Board's verdict in this behalf ought to be accepted. In the current enquiry the reliefs claimed by the industry include, besides continuance of the protective duty, a ban on imports, concessional railway freight rates, expeditious booking facilities, shipping space for export to East Africa and compulsory marking of all indigenous products as "made in India" to prevent misrepresentation of foreign origin. Protection and assistance are now sought to be confined to oil pressure lamps of the hurricane type which are mostly of 400 c.p. whether home-made or imported. The distinction in the first enquiry was made between hurricane and hanging types of lamps up to 400 candle power, on the one hand, and those above 400 c.p. on the other, and protection was extended to the former.

The number of units manufacturing hurricane type pressure lamps has increased from 8 to 10 and the installed production capacity has also shot up from 90,500 lamp per year on a single shift basis to 128,900 lamps in the case of 8 out of 10 units which have supplied information. Barring the intermediate shortlived rise in 1951, output has decreased from 39,132 lamps in 1950 to 31,325 in 1953. The widening gap between capacity and output is clearly very great, rendering the cost structure uneconomic. As against this, home requirements are estimated around 90,000 lamps. Direct accounts of imports in terms of quantity of the protected category (100 c.p. to 400 c.p.) are not available, but the estimate made by the Tariff Commission of imports of protected and non-protected categories leave no doubt that, considering the very limited demand for high-powered lamps, substantial imports were made by erroneously describing lamps below 400 c.p. as those of higher candle power. This loophole may not any longer be available if the criterion of candle power may be abandoned and protection granted, according to a significant suggestion made to the Commission, to hurricane type of oil pressure lamps which do not exceed normally 400 c.p. Once adequate protection is given and enforced against the competitive type, the claim for import restriction is not easy to sustain. Other reliefs asked for by the industry will be decided on a consideration of equality of treatment to all other industries, as the assistance sought is on the lines normally pressed by most industries claiming protection.

PROBLEMS OF SHIPPING

While the Government of India has been helpful to the shipping industry in the past few months in formulating an elaborate policy for provision of purchase loans to Indian shipping companies for the acquisition of additional tonnage, it has not shown a sense of urgency in coming to prompt and firm decisions on other matters in respect of which time is as much important as the content and form of relief. The significance of the time element has been underlined by the near prospect of a worsening situation in the shape of declining freight rates, unhealthy competition and a rigid structure of operating costs. Mr. C. R. Srinivasan's plea to the Government, during his presidential address at the eighth general meeting of the Bharat Line last Monday, to end the state of uncertainty and take expeditious decisions deserves earnest attention.

In fact, relief as such has been asked for only in one direction. Indian shipping companies have repeatedly pressed upon the Government, particularly in view of the growing impact of competition for cargo, the need to remove the financial burden of import duties on stores and supplies. All essential data for examining the claim and forming a judgment have long since been placed before the Government. If any precedent is required to treat the case of the shipping industry on a basis of exception, the latest one is offered by Italy whose government has declared all shipyards and fleets as free zones to procure supplies and stores free of duty. The loss to the exchequer, of whatever size, is hardly a matter of vital consideration, since shipping in each maritime country has cast more onerous obligations of direct State financial assistance. Further delay in providing this relief can only affect the operating efficiency of Indian companies prejudicially.

Another issue which Mr. Srinivasan has urged with equal emphasis relates to the go-slow methods adopted practically at all major ports by dock labour. The serious delays that are involved in cargo clearance, apart from raising shipping costs, threaten to divert the trade, since the proportion which this technique has assumed is no longer negligible. Government's negative attitude in disapproving of this technique in principle and vacillation in taking any firm and positive action to correct the trend have only helped to prolong the stagnation. The shipping industry's demand for the preparation of a formula, bringing a reasonable correlation between output and wages for all categories of workers, and backed by the safeguard of an executive machinery, may create some embarrassment, but the issue can hardly be put off indefinitely.

BIHAR'S ECONOMIC POTENTIAL

Recurring natural disasters and traditional economic backwardness of Bihar have become too familiar in the normal estimation about the condition of the State and the practical ways in which its resources can be developed have not received the attention they require. Persistence of a none too bright prospect has perhaps been responsible for encouraging an attitude of indifference. An instance of this indifference is offered by the general lack of interest about the supply of electric power at moderate rates. The Bihar electric supply undertaking has obviously not found it worth while to explore to what extent supply of power from the Damodar Valley can be procured for the State at cheap rates and apparently no thought has been given by it to the question of planning the utilisation of this supply. Apathy on the part of the consuming public has contributed its share to the non-utilisation of ready supplies and it has gone to an extent where the existence of a schedule of rates has been a matter of little consequence.

Mr. S. P. Jain, addressing the last annual meeting of the Bihar Chamber of Commerce, has focused attention on the expeditious development of the latent potential resources for the economic uplift of the State. Drawing attention of the people of the State to the fact of a gross disparity between rates of electricity in Bihar and Calcutta (the difference being as large as nearly 3 annas per unit or six times the rate in Calcutta), he has made a fervent appeal for energetic action to secure cheap electricity from the Damodar Valley and also to speed up the completion of Kosi and Gandak projects. This must inevitably take considerable time. It is not electricity alone that is costly in Bihar. Paradoxically, Bihar being the seat of steel manufacture, the price of steel in Bihar is very much higher than in Calcutta, Bombay and Madras. Mr. Jain has exhorted the business community to seek prompt removal of this anomaly. Improvement in these two resources—steel and electricity at cheap cost—will release the forces arresting the growth of several engineering industries. Bihar's mineral as well as forest wealth awaits fruitful exploitation for which communication facilities are an absolute precondition. The Transport Ministry is not unaware of these requirements, but its attitude is characterised by lack of a sense of urgency about the question. Mr. Jain has appealed for quick decision and construction work on the four proposed railway lines in the mineral and forest areas of Bihar, which are now under consideration before the Railway Ministry for quite a long time.

MODERNISATION OF U.K. JUTE PROCESSING INDUSTRY

The great industrial transformation that has taken place in the processing of jute in the United Kingdom will be demonstrated at the Scottish Industries Exhibition which takes place in Glasgow from September 2 to 18. The extent of this transformation can be understood when it is realised that since the end of the war £5,500,000 has been spent on modernisation and a further £1,000,000 is scheduled for this year. No other natural fibre textile industry in Britain has spent more, in relation to its size, in bringing itself up-to-date.

New machinery has been installed extensively in the spinning mills and weaving factories; individual power units have replaced the old sectional shaft driving; layout has been streamlined to give flowline production. But all the development has not been devoted to machinery. The labour force has also received attention. Day nursery services for the children of women operatives have been extended; pay increases have raised the basic wages by about 70 per cent since 1945; a new wage structure based on job evaluation is a model of its kind, and recognises both work and worth; and welfare services now have an annual operating cost of over £80,000.

These various developments and achievements will be reflected at the Scottish Industries Exhibition in the exhibits of two of the leading firms in the Dundee jute industry. It is a major trade fair of international significance. Arrangements are being made to receive oversea buyers and to put them in touch with the exhibitors.

MINERAL ADVISORY BOARD'S DELIBERATIONS

At its second meeting held last week at Ranchi, the Central Mineral Advisory Board discussed the establishment of beneficiation plants for upgrading the quality of low-grade ore to high-grade, the question of persuading private enterprise to set up a ferro-manganese plant, the development of non-ferrous mineral deposits of India and allied matters. The Board accepted in principle the need for the establishment of beneficiation plants and recommended that the big mine owners should be encouraged to set up such plants themselves. In the case of the smaller mine owners, they could either form a co-operative organisation and set up a joint plant to meet their requirements or the Central Government and the State Governments might

set up customs mill on the lines of the American customs mill for the benefit of small owners. The State Governments interested in the project were asked to submit their proposals to the Central Government for consideration.

The Board recognised the need for the establishment of a ferro-manganese plant in India. This will depend, to a considerable extent, on the cost at which power could be made available and the existence of a foreign market to absorb what the country itself could not consume. A sub-committee of the representatives of the State Governments and the industry was set up to examine the question in detail and to report to the Government by September 1, 1954.

The Board considered it was essential to develop non-ferrous minerals such as copper, zinc and lead, including abandoned prospects, and discussed the difficulties the industry was experiencing in this behalf. The Board recommended that the Government of India should grant the taxation relief claimed by the industry and should itself undertake detailed prospecting to determine accurately the extent of the deposits. The Board appreciated the fact that the Geological Survey of India and the Indian Bureau of Mines were considering the proposal to undertake prospecting work. It was also aware that the question of tax relief was being examined by the Taxation Enquiry Commission. However, it felt that no substantial progress could be made unless the private sector took a greater interest in the matter, and this it would do only if the taxation benefits claimed were granted. The Board accepted the principle of prescribing a time limit for the disposal by State Governments of applications for mineral concessions. As the matter required closer examination, it was agreed that the Central Government would circulate its proposals in this behalf to State Governments and seek their advice before taking a decision. The draft Conservation and Development Rules were agreed to be referred to a joint committee consisting of representatives of State Governments and industry.

STATE FINANCIAL CORPORATION FOR U.P.

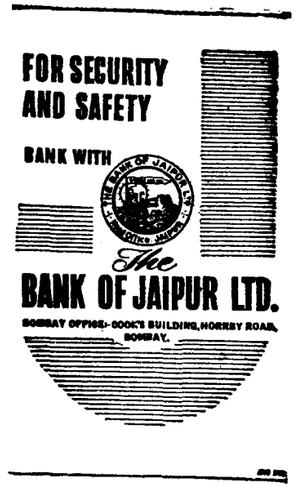
Uttar Pradesh seems to be a relatively late entrant among the sponsors of State Financial Corporations which are being floated especially to provide finance for medium-sized and small-sized industrial concerns. The scheme of the corporation in the U.P. is now reported to be in the final stage of preparation and it is expected to be launched early in the third quarter of the current year.

While authoritative information about the particulars of the scheme cannot be expected for some time, information which has appeared in the Press gives a fair idea of the project. There is no impatience on the part of the State Government to start a full-sized institution within the statutory limits from the very outset. The authorised capital may be fixed somewhere in the neighbourhood of Rs. 3 crores, but paid-up capital is reported to be of the order of Rs. 1 crore to be issued in two equal amounts in successive stages. The State Government's guarantee of 3½ per cent dividend is a statutory feature of these corporations. On the Board of Directors consisting of 10 members including the Chairman, it is said, three will be nominated by the State Government and one each by the Reserve Bank and the Industrial Finance Corporation of India. The rest will represent non-official groups of shareholders. The equity capital will be offered for subscription in the following proportion: State Government 36 per cent, Reserve Bank 20 per cent, Scheduled Banks, Insurance Companies and other institutional investors 20 per cent and 24 per cent other investors. The maximum limit of any individual loan to be fixed at Rs. 25,000 is lower than what has been prescribed by other State Corporations and it suggests a cautious approach in bigger transactions. The minimum limit, however, is to be pitched lower than in the case of most other corporations at Rs. 5,000. It seems to be intended to offer the benefit of the Corporation's resources to a larger number of clients, but it carries with it the risk of keeping vigilance over the affairs of a wider group of concerns. For obvious reasons, the operations of the Corporation will be restricted initially to advancing loans. Other objects allowed by law including underwriting of or subscribing to new issues will be deferred to an advanced stage.

DYESTUFFS MANUFACTURE

Atul Products' entry into the dyestuffs manufacture industry forms a vital stage in the industrial development of this country. The multifarious and interrelated character of the products of this industry, the high and complicated technical skill required in its operation and the heavy investment involved have invariably presented formidable problems in every country in the infant stage of the industry. In no country has this industry been able to make headway without active and purposeful assistance from the Government in the shape of protective tariffs, import restrictions, financial help, and so forth. The Government of India's recent action in imposing restrictions on the import of dyes follows the policy adopted in other countries and it will go in the direction of ensuring part of the home market for the domestic industry. But the Indian Government has not gone as far as other governments in extending substantial and effective aid to the industry. The major weakness of its policy towards the industry, as Mr. Kasturbhai Lalbhai emphasized in his presidential speech before the last week's annual general meeting of Atul Products Ltd., lies in the imposition of import duties on the raw materials used by the indigenous industry. These duties have operated harshly to the detriment of dyestuffs manufacture in this country since the industry depends at the present time almost wholly on the import of these materials. The Indian industry's viewpoint in this regard has been argued before the Tariff Commission and Mr. Kasturbhai Lalbhai urges with full justification that the Government should accept such recommendations for relief as the Commission may make on the score of import duties.

Atul Products' project for setting up a plant for the manufacture of Jade Green and its intermediaries in collaboration with Imperial Chemical Industries on a fifty-fifty share capital basis has now materialised and approval of the Licensing Committee of the Union Government for the project has also been obtained. This additional enterprise brings the whole range of dyes used in this country within the manufacturing programme of Atul Products.





Busy men all over the world have come to rely for guidance on weekly journals; they find the kaleidoscopic changes in national and international affairs too rapid and too deep for daily newspapers. Those of discriminating taste choose periodicals which deal with the countries and subjects in which they are interested.

THOUGHT

has earned distinction among Indian journals for its foresight and sober judgment in the nation's political, social and cultural affairs. It has built up a pool of original writers and critics who comment on events with a rare insight and balanced judgment.

THOUGHT's opinion on national and international affairs always claims the ear of responsible persons and organs of public opinion.

Subscription rates:

	ANNUAL	SIX-MONTHLY
Inland	**Rs. 12-0-0**	**Rs. 6-8-0**
Foreign: For ordinary sea mail edition	**$1.10**	**17/-**
	$5.00	**$3.00**
For Air Edition:		
EUROPE	**£3.17**	**£2.00**
AMERICA	**$12.00**	**$6.50**
ASIA	**£3.10**	**£1.17**

THOUGHT
35, Faiz Bazar,
DELHI-7
India

THE EASTERN ECONOMIST

(Subscription Rates)

	Payable in advance	
	India	Foreign
	Rs.	Rs.
Annual	50	66
Half-yearly	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9|- per year.

Foreign air rates on application. Offices in New York and Tokyo.

Manager,

THE EASTERN ECONOMIST LTD

52, Queensway,

NEW DELHI.

THE
HIND BANK LTD.
9, ROYAL EXCHANGE PLACE, CALCUTTA.

FOR COMPLETE BANKING SERVICE

SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 22,00,000

Connections in all principal centres of the world

Chairman Mr. K. P. GOENKA — General Manager Mr. S. D. PARDIWALLA

IN BIHAR

It's THE SEARCHLIGHT & PRADEEP

For years advertisers have consistently used the columns of THE SEARCHLIGHT (English Daily) and PRADEEP (Hindi Daily) to sell their products in Bihar. The reason is simple : no other paper can give such satisfactory coverage of the territory as THE SEARCHLIGHT and PRADEEP.

And Remember:

Bihar is becoming an increasingly prosperous market. The Five-Year Plan has allotted a sum of Rs. 57.79 crores for the development and improvement of the State's agriculture and irrigation, transport and social services. The efforts to raise the standard of living of the people are already bearing fruit. In Bihar, more and more goods and services are in demand now—a demand that will continue to increase every day. That's why *more* advertisers are today using *more* space in THE SEARCHLIGHT and PRADEEP than any time in the past.

CASH IN ON THE RISING BIHAR MARKET

Advertise

in

THE SEARCHLIGHT & PRADEEP

(English Daily) PATNA (Hindi Daily)

COMPANY AFFAIRS

INDIAN TRADE & GENERAL INSURANCE CO., LTD.

The Directors' Report of the Indian Trade and General Insurance Co., Ltd., for the year ended December 31, 1953, discloses Net Premiums at Rs. 25,97,027 for the 'Fire Department' as against Rs. 22,61,308 in 1953 indicating an increase of 14.8 per cent. Net Claims paid and outstanding amounted to Rs. 12,03,836 giving a loss ratio of 46.4 per cent as against 32 per cent in 1952. Commissions, Expenses of Management, Foreign Taxes and Depreciation amounted to Rs. 10,51,857, being 40.5 per cent of the Premium for the year as against 46 per cent in 1952. After placing Rs. 1,16,694 to the Reserve for Unexpired Liabilities, now standing at Rs. 12,47,348 or 50 per cent of the Premiums (excluding Portfolio Premiums) there remains a balance of Rs. 2,47,346 transferred to the Profit and Loss Account. Net Premiums for the 'Marine Department' amounted to Rs. 16,57,458 as against Rs. 9,90,309 in 1952 showing an increase of 67.4 per cent. Net claims paid and outstanding on acount of 1953 and previous years amounted to Rs. 8,88,324, equivalent to 53.6 per cent of the Premium income for the year as against 70.4 per cent in 1952. Commissions, Expenses, Foreign Taxes and Depreciation amounted to Rs. 4,87,150 or 29.4 per cent of the Premium as against 16.8 per cent in 1952. After transferring Rs. 2,09,544 from the Profit and Loss Account, the Reserve for Unexpired Liabilities is increased by Rs. 5,04,003 now standing at Rs. 13,25,967, equivalent to 80 per cent of the Premium Income for the year. 'Miscellaneous Department' net Premium amounted to Rs. 9,03,662 as against Rs. 8,01,645 in 1952, an increase of 12.7 per cent. Net Claims paid and outstanding amounted to Rs. 4,09,090, equivalent to 45.3 per cent of the Premiums, as against 51.4 per cent in 1952. Commissions, Expenses of Management, Foreign Taxes and Depreciation amounted to Rs. 3,86,915, equivalent to 42.8 per cent of the Premium Income for the year as against 41.3 per cent in 1952. After increasing the Reserve for Unexpired Liabilities by Rs. 50,989, bringing the Reserve up to Rs. 4,51,831 or 50 per cent of the Premiums, there remains a balance of Rs. 36,104 which is transferred to the Profit and Loss Account.

The Profit and Loss Account incorporates expenses not chargeable to other accounts, and transfers Rs. 2,09,544 to the Marine Revenue Account; makes a provision of Rs. 13,000 for Bad and Doubtful Debts, leaving a balance of Rs. 88,861 that is carried over to the Profit and Loss Appropriation Account. The amount carried forward from the previous year at Rs. 10,886 brings the balance available for distribution to Rs. 99,747. The Directors recommend a dividend at the rate of Rs. 1-8 per share without any deduction in respect of Taxation paid by the Company, absorbing Rs. 90,000. The residue of Rs. 9,747 is to be carried forward to the next year. The total investments stood at Rs. 41,09,264 on December 31, 1953 as against Rs. 38,45,767 in 1952. Investments show a depreciation in value as compared with the values at which they stand in the Company's books for which full Reserves have been created.

The working of the Company for the last three years is set out in the table below:

Year ended December	1953	1952	1951
Fire, Marine & Misc. Funds	30,25,146	23,53,440	16,89,225
Nett Premiums (Rs.)	51,58,147	40,53,261	29,59,674
Dividend (Rs.)	90,000	90,000	..
Depreciation (Rs.)	N.A.	47,000	52,500
Carried forward (Rs.)	9,747	10,886	11,077

SRI KRISHNARAJENDRA MILLS, LTD.

The Directors' Report of the Sri Krishnarajendra Mills Ltd., for the year ended March 31, 1954, shows the profit to be Rs. 3,75,498-5-7 after providing Rs. 4,32,000 for depreciation and Rs. 1,12,290-8 towards taxation. Rs. 23,286-11-8 is the unappropriated profit brought forward from the previous year. The amount available for distribution thus amounts to Rs. 3,98,785-1-3.

The Directors recommend the payment of an interim dividend at 8 per cent per annum or Rs. 2 per share free of Income Tax, for the half year ended September 30, 1953, already paid amounting to Rs. 1,46,788; and a final dividend at 10 per cent per annum or Rs. 2-8 per share, free of Income Tax for the half year ended March 31, 1954 at Rs. 1,83,485. The sum of Rs. 22,367-12 is allocated to General Reserve; Rs. 20,000 to Dividend Equalisation Fund and the sum of Rs. 26,144-5-3 is to be carried forward. In the course of the year the erection of new spinning machinery of a unit of 5,544 spindles was completed. The emergence of a competitive buyer's market is held to be responsible for the high level of manufacturing costs. The sum of Rs. 1,06,996-13 was transferred as the contribution to employees' providend fund.

THE TRAVANCORE OGALE GLASS MANUFACTURING CO., LTD.

The Audited Accounts of the Travancore Ogale Glass Manufacturing Co., Ltd. (Managing Agents: Ogale Brothers, Limited) for the year ended December 31, 1953 disclose that in the course of the year under report a total of 1,026 tons of glass was melted, and the value realised was about Rs. 6,00,000. After providing for all working expenses and deducting Rs. 41,052-7-11 for depreciation, the year's working resulted in a loss of Rs. 46,755-13-7. The Directors hope to be able to put the automatic bottle-making machines on full production during 1954, in order to be able to compensate for reduced profits due to the fall in the prices of glass articles. The sum of Rs. 10,696-11 was contributed to the Employees' Provident Fund; Rs. 7,190-9 paid as Bonus to employees; and Rs. 16,584-13-3 spent on Labour Welfare Expenses.

THE SHAHDRA (DELHI)-SAHARANPUR LIGHT RAILWAY CO., LTD.

The Audited Accounts of the Shahdra (Delhi)-Saharanpur Light Railway Co., Ltd. (Managing Agents: Martin Burn Ltd.) for the half year ended March 31, 1953, show the Gross Earnings for the half year at Rs. 19,24,250 against Rs. 18,58,157 for the corresponding half year ended March 31, 1952, showing an increase of Rs. 66,093. There is a decrease of Rs. 30,015 under Coaching and so an increase of Rs. 88,926 under Goods. Working Expenses stood at Rs. 13,96,120 plus Rs. 3,00,000 set aside to the Depreciation Reserve Fund making a total of Rs. 16,96,120 which is Rs. 27,052 less than the figure for the corresponding period ended March 31, 1952. Net earnings were Rs. 2,80,130 against Rs. 1,34,985 for the half year ended 31st March, 1952.

The net profit for the half year stands at Rs. 47,253 and the balance brought forward Rs. 55,615 making a total of Rs. 1,02,868 available for distribution. The Directors recommend payment of a dividend for the half year at the rate of 12 per cent per annum, less Income Tax (Rs. 66,375) leaving a residue of Rs. 36,493 to be carried forward. The working of the last three half-years is summarised below:

(In Rupees)

Half year ended	*31-3-1952*	*30-9-52*	*31,3,53*
Gross earnings	18,58,157	19,28,496	19,24,250
Working expenses	14,23,172	12,33,924	13,96,120
Allocation to renewals reserve	3,00,000	3,00,000	3,00,000
Balance carried forward	N.A.	55,615	36,493
Dividend, rate per cent	12	12	12
Train mileage (miles)	1,60,641	1,65,284	1,64,080
Expenditure/earnings per mile	8.86(11.56)	7.46(11.69)	8.51(11.73)

COMMODITY NEWS AND NOTES

TIN AGREEMENT IN DOLDRUMS

The tin agreement, drawn up by representatives of all the main producer and consumer countries at Geneva last December must be signed before the end of the month, if it is to become effective. Among the consumer countries, India, Britain, Belgium and the Netherlands have already appended their signatures, Canada has indicated that she will sign, and it is believed Australia's signature will be appended shortly. The Japanese Ministry of Trade said recently that Japan would probably sign. This leaves three important European consumers, France, Germany and Italy, to make up their minds and a number of smaller consumers.

Before the agreement can come into force, at least nine consuming countries, holding together at last 333 votes out of 1,000 votes allocated to consumers, must sign. On the producer side a total of 900 votes must be obtained. All the producer countries, except Indonesia and Thailand, have either signed the agreement already or indicated their intention to do so. Indonesia's signature as a producer, controlling 21.50 per cent of the world production and 213 votes, is vital to the success of the scheme. But her acceptance of the pact is not seriously in doubt.

The problem arises on the consumer side of the agreement. United States abstention means that only 510 votes are left from which to obtain the necessary 333 to bring the agreement into force. France controls 55 votes, and French consumers are, it is said, not happy about the 880 sterling per ton ceiling price of tin which had been written into the agreement. They want this to be reduced to 800 sterling. There is similar hestitation by Germany and Italy, also not fully satisfied with the terms of the agreement.

WORLD TIN STATISTICS

World mine production of tin-in-concentrates in January, 1954, was 13,200 long tons (revised) as compared with 16,800 tons in December, 1953, according to the International Tin Study Group. There was a decrease in January in nearly all important producing areas: in Malaya to 5,108 tons, in Indonesia to 2,545 tons, in Bolivia (exports) to 2,268 tons and in the Belgian Congo to 292 tons. Nigerian production increased to 719 tons. February output in Malaya was 4,277 tons. U.S. production of tin metal in February was 3,008 tons.

World stocks at the end of December 1953, were 103,100 tons as compared with 95,000 tons at the end of November, 1953. U.S. stocks at the end of December were 51,546 tons. World consumption of tin metal in January, 1954 was estimated at 10,000 tons against 10,700 tons in December, 1953. U.K. consumption in January was 1,663 tons and U.S. estimated at 4,100 tons. The last monthly consumption figure received from the U.S. is for December, 1953, at 3,822 tons. This makes a total in the U.S. for 1953 of 53,961 tons against 45,323 tons in 1952 and 56,884 tons in 1951.

World tin plate production in January 1954, was 501,000 tons against 380,000 tons in December, 1953. U.S. output in December was 237,379 tons and in January 367,288 tons. World tinplate production in 1953 reached a new peak of 5,790,000 tons as compared with 5,427,000 tons in 1952 and 5,679,000 tons in 1951 (the former peak). U.S. output reached a new record in 1953 at 4,162,087 tons in spite of a slight recession in last months of the year. Production in France and ım reached new heights at 193,000 tons and 33,555 espectively. Japanese production in 1953 at tons represented a post-war record but was ll below the peak of 177,100 tons (1940). Production in 1953 in the United Kingdom decreased to 699,600 tons (against 761,700 tons in 1952) and in Canada to 213,058 tons. In Italy production decreased steadily and amounted to only 19,388 tons in 1953. West German output in 1953 was 140,000 tons.

METALS AND ORES

Production of crude copper in the U.S. in February amounted to 73,656 tons compared with 84,216 (revised) the previous month, according to the U.S. Copper Institute. Production of refined copper totalled 103,496 tons against 111,553 in January.

JAPAN'S RECORD IN PRODUCTION

Japan became the world's largest producer of rayon staple again during 1953 as production jumped 40 per cent to 353,844,000 lbs., a record high level according to the Ministry of International Trade and Industry in Tokyo. The previous high level was in 1938 when the total was 327,209,000 lbs.

BRAZILIAN COFFE EXPORTS

According to the latest data available from Brazil, exports from that country during the first 8 months of the current season, that is from July to February, averaged 1,387,000 bags per month, compared with 1,354,000 bags during the corresponding 8 months period of 1953.

URUGUAYAN LINSEED EXPORTS

An official decree is reported to have been published in Uruguay which authorises the export of 8,000 metric tons of linseed from February 23 to December 31, 1954. Exchange rates applicable to these exports are linseed 1,519 pesos to the U.S. dollar; linseed oil 30 per cent at 1,519 pesos per dollar and 70 per cent at 2,35 pesos per dollar, making a composite rate of 210 pesos to the dollar; expeller cake and meal, 1,78 pesos per dollar.

WORLD WOOL CONSUMPTION GOES UP

World wool consumption in 1953 reached a total of 2,600 million lb. (clean). It is the highest ever recorded except in the year 1950, (2,681 million lb. clear) when it was assisted by abnormal demand arising from the Korean war. The consumption was (1953) at its highest in the first half of the year, when wool textile industries were completing their recovery from the 1952 recession and rebuilding their working stocks of tops, yarns and tissues. In the second half of the year, the rate of usage declined to some extent, particularly in the U.S.A., though raw wool prices remained generally firm. The Commonwealth's share of last year's world total was 600 million lb. or 23 per cent, which was a substantial improvement on 1952.

EXPORT OF COAL TAR

The policy for regulating export of coal tar has been reviewed by the Government of India and it has been decided to release a quota of 5,000 tons for the export of coal tar up to the end of 1954. This quota will be administered by the Joint Controller of Imports and Exports, Calcutta. Exports will be licenced on shipping bills which should be accompanied by firm contracts.

EXPORT OF CRUSHED BONES AND BONEGRIST

The policy with regard to the export of crushed bones and bonegrist has been reviewed by the Government of India and it has been decided to regulate their exports during the quarter June-August 1954, on a quota basis. Export allotments to established crushers and shippers may be granted to the extent of 25 per cent of their best year's export during any of the four calendar years 1950, 1951, 1952 or 1953.

COMPANY MEETING

Bombay State Financial Corporation

Extracts from the speech delivered by Shri Purushottam Kanji, Chairman, Bombay State Financial Corporation, at the First Annual General Meeting of Share holders held at the Office of the Corporation on Monday the 31st May, 1954.

Gentlemen,

The Accounts for the period ended 31st March, 1954, together with the Auditors' Report thereon as well as the Directors' Report on the working of the Corporation have been in your hands and have just been read before you.

You may have observed that the accounts cover only a brief period of four months from 1st December, 1953 to 31st March, 1954, and you would be naturally inclined to ask why it was necessary to close the accounts and prepare the report since the Corporation has just started its working. Well, the reason is purely technical. In framing general regulations of the Corporation we were advised and we ourselves thought it practical that the financial year of the Corporation should coincide with the financial year of Government.

There is not much to comment upon any particular item in the accounts, for we were mainly engaged in the preliminary work of organising the Corporation. The source of our revenue during the period under report was therefore interest earned on Call Deposits for it was possible to earn a fairly remunerative rate owing to keen demand for funds in the market during the busy season. On the expenditure side, we have kept our expenses to the minimum. The item of preliminary expenses relates only to usual expenses of brokerage on the amount of shares actually allotted, commissions charged by banks and expenses connected with advertisement and printing of Prospectus, etc. From the profit of Rs. 14,826-3-3 provision of Rs. 1,000 has been made to constitute a Reserve Fund which is obligatory under Section 35(1) of the Act. As the Corporation is liable to pay income-tax and super-tax on its income, profit and gains, like any company, a sum of Rs. 6,950 has been provided for taxation. After payment of expenses of administration and making the above provisions there is a balance of Rs. 6,876-3-3. This amount being inadequate to pay the minimum guaranteed dividend of 3½ per cent per annum for the period of 3 months from 1st January to 31st March, 1954, since it was announced in para 20 of the Prospectus that the Dividend would accrue from 1st January, 1954, the Board has requested Government of Bombay to grant subvention to the extent of Rs. 86,619-6-9 to implement its guarantee under Section 6 of the Act.

Brief particulars of the Board's policy have been set out in the Directors' Report and I wish to take this opportunity of touching upon a few salient features regarding the procedure we intend to follow in this matter. We have commenced the authorised business of the Corporation. Among the various types of business mentioned in Section 25 of the Act, the Board decided that in the first instance this should be confined to granting loans and advances to and subscribing to debentures of industrial concerns of medium and small-scale type in the State of Bombay. As business expands and experience grows, the Board may consider undertaking other lines of business in due course. We have received about 50 applications and these are under consideration. The Executive Committee has already considered seven applications and investigations in respect of others are in progress. As the Corporation provides medium and long-term credit, under the provisions of the Act, its loans are secured by mortgage of fixed assets of an industrial concern and so only those concerns that can offer adequate security can avail themselves of accommodation from the Corporation. In consequence, industrial concerns, which have no tangible or fixed assets to offer as security, would not be in a position to take advantage of the facilities given by the Corporation. As you are aware, the Board has fixed the minimum amount of loan at Rs. 10,000 so as to be able to meet the requirements of small-scale concerns on as broad a basis as possible. Though the maximum limit prescribed under the Act is Rs. 10 lakhs, the Board has decided that in the initial stage, with a view to distribute our limited resources as widely as possible, the limit should be Rs. 5 lakhs and the Board may consider applications exceeding this sum on their merits.

Further, unlike the Industrial Finance Corporation of India, the State Financial Corporation will entertain applications from industrial concerns that do not necessarily function as public limited companies but are managed as private limited companies, registered partnership or proprietary concerns. You will, therefore, see that there is fairly wide range of industrial concerns whose financial requirements can be served by the Corporation. The Board has decided that in order to avoid overlapping of activities with Industrial Finance Corporation of India, the Corporation would, in the first instance, entertain applications from public limited companies of medium, and small-scale industries up to Rs. 5 lakhs. All other concerns which are managed as private limited companies or proprietary concerns would approach us because the Central Institution can only advance loans to public limited companies. We thought such a demarcation was necessary and we hope it will work in a practical way. We shall co-ordinate our policies and endeavours with those of the Industrial Finance Corporation of India and other statutory bodies and official agencies that are engaged in the promotion of industrial development and expansion in the country.

From the limited number of applications that we have received it is not possible to generalise but I may mention incidentally that the striking feature of these applications is that loans are required either wholly or partly for working capital. Now, taking into account the scheme of the Act, the Board of Directors have decided that loans should be primarily given for purposes of acquiring fixed assets either for development of new units or for expansion, renovation or modernisation of existing units and loans for working capital should be given only in exceptional and specified cases.

Our endeavours are mainly directed towards promoting industrial development and expansion in the State of Bombay. In rural areas if co-operative societies are formed to process goods we would be prepared to assist them on a business basis, for we believe that industrial development should be as broad-based as possible. The Board is approaching this problem in a spirit of service and the Directors of the Corporation will discharge their duties consistently with the responsibilities imposed on them by the provisions of the Act.

In the end, it is my pleasant duty to convey our grateful thanks to the Government of Bombay and especially the Minister of Finance and Industries, Dr. Jivraj N. Mehta, for their constant help and advice which have been a source of great encouragement to all of us. I also wish to commend the hard work which the officers and the members of the staff have put in since the beginning of the Corporation.

COMPANY MEETING

THE ATUL PRODUCTS LTD.

Speech delivered by Mr. Kasturbhai Lalbhai, Chairman of the Board of Directors, at the Annual General Meeting of the Company held on 5th June, 1954.

Gentlemen:

1. The Report and the Statement of Accounts for the year 1953, submitted by the Directors have been in your hands for some time. So, if you will please agree, we may take them as read.

2. The report has already drawn your attention to the difficulties which the Company had to face in the year 1953. Out of these, the present unrealistic structure of the import duties is the most important, because, normally one would expect that the duties on raw materials would be lower than the duties on the finished products except raw material producing industry is to be protected. For various reasons the contrary is the case with our tariff structure, and not only we but the entire chemical industry suffers from it. The attention of the Government has been drawn to this problem by the Indian Chemical Manufacturers Association as well as individual parties. I am, therefore, confident that very soon there will be an improvement in this situation. In fact, the Tariff Commission has already made its inquiry into the problem so far as it relates to the Dyestuff Industry, and I trust its recommendations will ensure a steady and remunerative development of the industry. It will shortly take up a similar inquiry into the raw materials used by the Pharmaceutical industry also. I am sure, that, as a result of these inquiries, the present tariff structure will be modified in a realistic manner, so that in future no new industry will be called upon to work with the initial handicap that some of the present units of the Chemical industry have had to face.

3. As you are aware, the Government of India has recently imposed some restrictions on the import of dyes that are being manufactured in the country. This is a step in the right direction and I take this opportunity to thank the Government of India on behalf of all those who are trying to establish a Dyestuff Industry in India. The fact is that in almost all countries the Dyestuff Industry has had to rely on a considerable assistance from the State, either by way of extremely heavy protective duties or total prohibition of imports and development loans. Many of our foreign competitors have themselves developed in this way. This is due to the reason that the products manufactured by the Dyestuff Industry are numerous and interrelated, the investments required large and the technique highly complicated. So, a breathing period is necessary before the industry can come into its own. I am happy to find that the Government of India are fully aware of the difficulties which face the establishment of a full-fledged Dye Industry in the country, and I have no doubt that they will take appropriate steps in suitable cases to assist it. However, I would also say that it would be up to us to see that in spite of the encouragement that we received from the Government, we do not fail to come up to the standards which may be legitimately expected of us, and also fulfil any obligations that may devolve on us as one of the links in the chain of the chemical development of the country. In this connection, I would particularly mention our responsibility towards the consumers, and take this opportunity to assure them that the Company has not and would not take any undue advantage of measures taken by the Government to assist us.

4. We have a large market for dyes—India being one of the biggest importers at present. I also think that this market is likely to grow bigger still, because, as our standard of living goes up, the textile, leather, paper and other industries which make use of dyes are also bound to grow up. Therefore, apart from the force of competition, which any new entrant has to face, I believe we have a fairly favourable field for our production. So far as our Company is concerned, we have entered only one part of this market, that of Direct and Acid Dyes. The majority of the products for colouring cotton, wool, silk, jute, leather and paper belong to this class, and our production also forms a substantial part of the present requirements of the country. But, as mentioned in the Directors' Report submitted to you, your Directors have decided to expand this range by going into the manufacture of Naphthols, Rapid Fasts, Rapidogens and Developing Salts which is again an important group of Dyes. Your Directors are also considering as to what we should do about the manufacture of Vat Dyes—the most important class of Dyes. If your Company is to have a legitimate share of this market, it should have increased resources and I am sure the shareholders will agree with me that your Directors should avail themselves of every opportunity for the expansion of the business of the Company.

5. The manufacture of dyes requires the use of a large number of raw materials most of which are not made in this country. Your Directors have also under consideration schemes for the manufacture of the more important of these raw materials. Inasmuch as some of our plants will be smaller than what are considered usual in other countries, our costs of manufacture may be higher than the prices at which they could be imported. However, as I mentioned earlier, we have to satisfy other standards and other obligations also. However, your Directors are convinced that for a proper economic development of the country, we should undertake their manufacture, even though they may appear costly at present.

6. You will be glad to know that what we have done so far is well approved. Many foreign visitors to our plant have praised the way in which we have entered into this difficult field of manufacture by a careful planning and installation of the best of equipment. I feel a large part of the credit for this goes to the American Cyanamid Company who are our Associates in this venture. In this connection, I may say that we should not be shy of securing foreign experience or technique wherever we can get it. We have profited considerably by the guidance that we have received, and I see a greater need of similar guidance in the plans that we have in hand. This does not mean that we should never hope to manage things ourselves. But that will require a period of training for our Chemists and Technicians. Your Directors are aware of their responsibility in this direction and are doing everything to see that we have a properly trained staff.

7. In the Annual Report which was circulated to you, your Directors have referred to the various schemes of expansion which the Company has in hand. In that connection, your Directors beg to inform you that they have recently concluded an agreement with the Imperial Chemical Industries Ltd., for the manufacture of Jade Green and its intermediates. The essential part of the scheme is that your Company and I.C.I. Ltd., will float a new Company, as equal partners, and will set up plants on the site already developed by your Company. This will, naturally, lead to a better and greater utilisation of the site; but apart from that this will also help your Company to enter into a new range of dyes, and thus cover practically the whole field of dyes consumed in the country.

8. Your Directors have referred elsewhere to the large investments necessary in the Dyes Industry, and also to the need of technical assistance and experience. Your Directors examined the above in relation to these and other factors and came to the conclusion that these arrangements will prove beneficial to the Company.

9. I gave you some idea of the problems that we have to face, because the industry that we have taken in hand is new, and we should develop a proper perspective in looking at it. With our market, with the zeal and intelligence of our young scientists and with the goodwill of our Government, there is no reason why we should not succeed in building it up just as other countries have done.

10. Gentlemen, I now move that the Directors' Report and the Statement of Accounts for the year ended 31st December, 1953, be adopted by the meeting.

THE BHARAT LINE LIMITED, Bhavnagar

Speech delivered by Shri C. R. Shrinivasan, Chairman of THE BHARAT LINE LIMITED, Bhavnagar, at the 8th General Meeting of Shareholders held at Bhavnag ar on 7th June, 1954.

Gentlemen,

It gives me great pleasure to welcome you to the 8th Ordinary General Meeting of the Company. The Directors' Report and the Audited Balance Sheet and Profit & Loss Statement have been in your hands for some time now. I trust I have your permission to take them as read.

COMPANY'S FLEET

As your Directors have informed you in their Report, the Company suffered a grievous loss, not in terms of money but in terms of service, after the close of the Report year, when our s.s. "Bharatbala" grounded on a reef in the Gulf of Cambay on her way from Bombay to Bhavnagar and had to be abandoned. It was one of the earlier Units of our Fleet, and had been regularly employed in our Coastal Trade. Fortunately, there was no loss of life. Your Directors are taking steps to secure a suitable ship to replace the "Bharatbala".

As regards the ship which has been under construction for our Company at the Hindustan Shipyard at Visakhapatnam, and which has been named "Bharatratna" when I had the privilege of launching it last year, its delivery has unfortunately been delayed by some months due to delay in the arrival of machinery at the Yard. The ship is now expected to be delivered about the middle of July 1954.

As mentioned in your Directors' Report, the Company has now entered the Persian Gulf/India-Burma Trade on fortnightly Liner Service basis, with the goodwill and co-operation of Government. We propose to set apart four ships for this service and these ships are to be acquired during the current year with the assistance of loans from the Government's Ships Purchase Loans Project. Your Directors are taking the necessary steps in this direction

Your Directors continue to keep in view their policy to replace old tonnage with fresh tonnage as and when opportunities offer. In my speech last year I had mentioned that two of the Company's ships were due for replacement on account of age; one of them, namely the old "Bharatratna", has since been disposed of and the s.s. "Bharatveer" acquired in its place. The question of disposing the other old ship on advantageous terms continues to engage the attention of your Directors.

FLEET INSURANCE

You will notice from the Directors' Report that insurance of our fleet for the current year has been placed entirely through Indian Insurance Companies. For a proper understanding of the step we have taken, a little explanation will not be out of place. Right up to 1952, our business was placed through London where the Hull Insurance market has developed over a long period of years and a large body of underwriters, possessed of ample resources, share the risk and stand the strain incidental to the busines. We have maintained good relations with them and thanks to our Managing Agents we have had full advantage of cut rates warranted by our record. It is but natural that informed opinion in the country should seek to build up an Indian Hull Insurance market and that Indian owned bottoms should give it priority in the placing of business; at the same time, few would deny that such a consummation, devoutly to be wished for, cannot be achieved overnight and a time-lag to enable Indian insurance interests progressively to take up these new responsibilities must be allowed if results are to endure. It is this realistic appreciation of the issues involved that led your Directors to reserve 10 per cent of the underwriting to Indian companies for the year under report; the other 90 per cent was taken up by British interests in the same way as before. It may interest you to know that even of the 10 per cent offered only 8 per cent was taken up by Indian companies directly, balance being covered by reinsurance. Still it was a good beginning, with goodwill assured among the displaced interests, and we had intended to carry our constructive efforts a substantial step further by reserving 25 per cent for the Indian Companies in the current year. The Reserve Bank of India however stepped in and under exchange regulations prescribed that the business should be placed only with Indian interests. If it was intended to save exchange, the course suggested is wide off the mark because Indian Insurance interests are not sufficiently established to digest the volume of business available and must cover the risk by reinsurance facilities open to them in London or elsewhere. In the result there is really no saving in exchange if the risk is covered indirectly by foreign interests; only instead of using the art of suasion, an element of compulsion is introduced in a sector which may react, possibly unfavourably, on the rate structure. Government presumably is waiting on events to intervene if necessary. However, so far as we are concerned, we are in entire sympathy with the underlying idea, while striking this note of caution, and we shall extend our fullest co-operation to build up the Indian Hull Insurance market. For the current year we have placed our fleet insurance with Indian interests. We learn that they have reserved only 22 per cent of the business for themselves, covering the balance by reinsurance in the London market through our regular brokers. This bears out in striking measure our original appreciation of the limits of development possible in the situation for the year.

RESULTS OF WORKING

As your Directors have pointed out in their Report, although the gross earnings from freight and charter hire of ships rose from Rs. 2,12,79,907-7-6 in 1952 to Rs. 2,22,27,900-15-4 in 1953, the gross profits fell from Rs. 49,59,304-8-11 in 1952 to Rs. 39,61,844-15-3 in 1953.

While the increase in the earnings was due to the increase in our tonnage and its regular employment in our Trades, the fall in profits may broadly be attributed to falling freight rates, and rising operating costs. Avoidable delays still persist at loading and discharging ports and the wage curve is still on the rise. The Managing Agents are taking all possible steps to ensure economy without sacrifice of efficiency, and your Directors have this matter under constant review. Freight rates in the ultimate analysis are determined by what the trade can bear. Likewise, operation costs must be determined by what the Company can bear. It would be wise to recognise that the sellers' market has faded out and in the conditions that are supervening, both shippers and shipping companies would do well to get together to rationalise the rate structure with due regard to public interest.

PLANNING FOR PROGRESS

I have referred earlier to our entry in a new field of activity, namely, the Persian Gulf/India-Burma Trade. Here a regular fortnightly Liner Service is required, and our Company will proceed to establish this service with four ships to start with. There are powerful vested interests in this Trade, established over many decades, and with large resources at their command. Naturally these interests will not take kindly to new entrants and we must be prepared for a phase of uneconomic competition before good sense prevails and the spirit of accommodation triumphs. Your Directors are conscious of the risks they are facing but they dare not shirk a responsibility, clearly indicated, if the Company is to develop in the service of the Motherland by progressively widening its range and reach. If we have faith in our future, such sacrifices as may fall to our lot at the start should not deter us from reaching out to the success that awaits our courage and confidence. The fact that the Government of India stands behind us justifies our faith. That Indian shippers will likewise stand solid behind us when we seek to serve what is immediately to their interest and ultimately to our country's advantage surely, is not too much to hope for and that hope reinforces our faith. I look to your wholehearted support in this promising venture.

Our immediate problem of finance for acquiring additional tonnage has been met with cordial alacrity by Government. You may remember, I referred in my speech last year to the need for relaxation of some of the terms imposed on Government loans for shipbuilding and ship purchase. I am glad to inform you that our appeal has registered and the new loan will be made available to us on more satisfactory terms in respect of interest and repayment; and I take this opportunity to convey to the Government our appreciation and grateful thanks.

PLEA FOR GOVERNMENT HELP

Government, while responding to our appeal for financial facilities on easier terms, have not shown the same awareness in respect of operation facilities. Shipping interests have repeatedly represented to Government the need for lightening the burden of duties in respect of stores and supplies. Advantage was taken of the presence of the Union Minister for Production in February last at the Annual Meeing of the Indian National Steamship Owners' Association to pinpoint our case for relief but to no purpose. His reply only indicated that he was not briefed properly on the issue raised, though there was ample material available in the Secretariat fully to bear out our case. May I take this opportunity to request him to give thought to this matter and extend at least the same measure of help that other countries, industrially advanced countries, have not hesitated to offer. It may interest him to know that Great Britain has just introduced an investment allowance of 20 per cent on new plant and machinery to the shipping industry in addition to normal depreciation allowance and Italy has blazed a new trial in operation relief apart from shipbuilding subsidy by declaring shipyards and fleets as free zones to secure stores and supplies duty free. I am not so much concerned with FORM as with the FACT of help to build up a new industry of national importance in times of war and peace. If only the will is there—surely the will is there with so much planning ahead at Government level—it is not difficult to give it dynamic expression. This is a matter of urgency and importance as the prospects before the shipping industry at the moment are by no means rosy and I would beg of the Government of India to give this matter their immediate attention.

I have referred above to rising operation costs and persistence of avoidable delays at loading and discharging ports. In this connection I would particularly draw attention to the "go-slow" tactics being employed by labour nowadays with increasing frequency. I am aware that responsible authorities in the Labour Ministry of the Government of India have condemned this practice as undesirable and indefensible even from Labour's point of view; but, beyond expressing their disapproval of it, the Government do not appear to have evolved any effective measures to uproot this growing evil which, if unchecked in time, threatens to disorganise normal trading operations at important ports such as Bombay and Calcutta and even to divert their trade elsewhere to the serious detriment of the country's economy.

Patchwork measures evolved in haste to meet exigencies as they occurred have failed to produce lasting results. The time has clearly arrived when concerted efforts should be made jointly by the Ministries of the Government of India concerned with this problem to evolve a working formula relating emoluments to output of work, the formula being made applicable to all categories of labour at a port, with adequate enforcing powers vested in the authority entrusted with the operation of the formula.

This highly disturbing feature of the working conditions at our ports calls for prompt and adequate action on the part of our National Government on the lines indicated above and I earnestly hope that this very serious matter will be quickly and satisfactorily handled by the Government in the larger interest of the country.

CONCLUSION

I am afraid I have drawn a somewhat sombre picture of the future with falling freight rates, rising operation costs, and an uneconomic competition in the offing. It is better, however, to rob the future of its terrors by facing up to them in advance. Personally I have every confidence that we shall steer clear of the perils that cast their shadows on us today; that confidence is derived from three factors. First we have a national Government behind us, conscious of its duties and responsibilities to the new India that all of us labour to create, secondly in your Board of Directors you have men of experience and knowledge who have steadily pursued a progressive policy with caution and courage; thirdly the Managing Agents of the Company have throughout exercised vigilant and watchful care of the Company's interests and you may depend on them to give of their best in the service of the Company. A word of praise to the devotion and loyalty of the staff would not be out of place in this context. It is this spirit of good-faith and good-fellowship that has prevailed in all sectors of this institution that has placed us in the front rank of the industry within such a short span of time and by God's grace the future shall be as bright as the past.

With these words I beg to move that the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1953, already duly sent to the Shareholders, be and are hereby adopted.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.4	359 2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
July 1953 ..	406.4	480.5	365.4	367.3	693.9	407.7	90.4	100.6	87.2	93.3
August ,, c ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ,, c ..	381.6	472.1	362.4	380.9	704:4	402.6	90.6	101.4	88.3	103.8
Week Ending										
24-4-1954 ..	375.5	474.7	366.3	382.7	706.2	402.4	90.4	101.3	88.3	104.4
1-5-1954 ..	372.7	473.5*	365.0	382.8	695.3	400.7	90.3	101.3	88.1	104.2
8-5-1954 ..	370.5	469.7	364.0	382.6*	691.0	399.1*	90.2	101.0	88.1	104.3
15-5-1954 ..	370.3	463.5	362.4	380.0	690.4	396.9	90.1	100.9	88.1	103.6
22-5-1954 ..	364.2	463.9	362.1	380.7	687.1	395.0	90.1	100 9	88.0	103.5

c Average of weeks. *Revised.

†Economic Adviser's Series. ††Reserve Bank Series.

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†
							Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	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	144
1953	346	363	275	140	349	453	387	147	351	147	156	145
1953 April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	141
1954 January	346	363	269	139	325	442	377	144	353	149	—	142
February	331	348	257	139	316	432	—	—	353	—	—	—
March	332	349	257	138	319	416	—	—	345	—	—	—
April	—	—	—	141	—	426	—	—	341	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 5-6-1954			29-5-1954			22-5-1954			15-5-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	88- 2	86- 6	87- 7	91- 9	88-15	90-11	92-14	90- 5	91- 6	93-10	90- 6	92- 0
Silver (per 100 fine tolas)	160- 6	157-14	159- 4	164- 6	161-12	162-11	166- 4	161-10	163-13	168- 2	164-11	166- 3

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92·53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75·43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
September 1953	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1.116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
March ,,	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57.22	93,12	421,34	1,202,63
April ,,	1,220,38	13,08	1,233,33	40,02	674,15	714,17	57.90	97,81	421,34	1,233,32
May ,,	1,220,27	25,62	1,245,89	40,02	688,15	728,17	58.45	96,49	421,22	1,245,89
Week Ending										
23-4-1954	1,220,68	16,76	1,237,44	40,02	678,15	718,17	58.04	97,94	421,34	1,237,44
30-4-1954	1,217.19	20,40	1,237,58	40,02	678,15	718,17	58.03	98,08	421,34	1,237,58
7-5-1954	1,233,75	12,14	1,245,89	40,02	688,15	728,17	58.45	96,49	421,22	1,245,89
14-5-1954	1,228,83	16,76	1,245,58	40,02	688,15	728,17	58.46	96,19	421,22	1,245,58
21-5-1954	1,215,56	30,31	1,245,86	40,02	688,15	728,17	58.45	96,47	421,22	1,245,86
28-5-1954	1,202,92	43,28	1,246,21	40,02	688,15	728,17	58.43	96,81	421,22	1,246,21

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	485
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	414
	(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
Average of Fridays														
September 1953	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33.14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22,49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
March ,,	80,90	42,08	40,44	42,99	206,41	24,92	241,32	12,72	10,46	99,86	1,12	39,83	68,70	8,64
April ,,	64,51	30,52	42,16	45,21	182,41	27,95	220,36	13,35	12,98	78,55	1,21	40,01	65,17	9,09
May ,,	93,14	20,61	43,30	46,10	203,15	28,47	241,62	27,91	10,11	65,23	1,12	57,84	71,92	9,51
Week Ending														
23-4-1954	60,27	28,67	44,21	45,59	178,74	28,72	217,46	17,04	13,00	73,71	1,65	39,31	63.65	9.09
30-4-1954	86,77	28,31	40,05	45,06	200,19	26,56	236,76	20,70	11,22	74,65	75	53,94	66,70	9,41
7-5-1954	84,76	21,04	40,45	45,57	191,82	27,81	229,63	12,34	11,06	65,25	85	63,99	66,69	9,44
14-5-1954	89,12	20,74	43,99	45,73	199,59	29,19	238,78	17,02	10,46	67,38	1,71	63,11	69,62	9,48
21-5-1954	97,59	20,11	44,96	46,94	209,60	28,70	248,30	30.62	9,96	65,30	1,05	56,22	75,70	9,46
28-5-1954	101,08	20,55	43,79	46,16	211,58	28,19	249,78	43,64	8,96	63,00	87	48,01	75,65	9,64

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

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	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	61.77	303,48$
1952-53 ..	546,23	309,26	855,49	33,33	51.82	9.95	461,64	38,47	58.46	306,34
Average of Fridays										
March ,, ..	565,70	286,22	851,92	34,60	45,80	9.44	534,01	50,35	68.59	296,08
April ,, ..	568,21	285,34	853,55	34,12	46,94	9.50	523,25	51,48	67.34	294,72
May ,, ..	557,98	290,00	847,97	33,45	48,74	9.69	502,53	49.46	65.10	295,03
June ,, ..	557,25	298,72	855,97	33,01	50,13	9.71	483,75	45,90	61.88	298,17
July ,, ..	559,78	309,90	869,69	33,71	55,10	10.21	466,25	45,15	58.80	299,95
August ,, ..	556,29	313,64	869,92	32,81	61,28	10.82	448,58	38,18	55.95	302,30
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27.49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26 65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841.35	32,64	43,06	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	52,08	61.42	302,29
April ,, ..	541,81	317,11	858,91	32,94	44,49	9.01	469,89	58,62	6 .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	54.56	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 ..	518,58	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	32,39	43,11	8.68	480,05	75 08	63 89	316,86
May ,, ..	..	..	..	..	..	..	..	..	..	..
Week Ending										
30-10-1953 ..	533,41	333,96	867,37	31,33	59,11	10.43	409,16	39 76	51 76	339,70
6-11-1953 ..	512,95	334,78	847,73	28,84	45,68	8.79	420,83	42,41	54 64	340,24
13 11-1953 ..	524,17	332,69	856,86	34,32	47,57	9.56	419,59	38,32	53.44	339,83
20-11-1953 ..	527,67	333,62	861,29	32,79	59,74	10.74	409,37	38,30	51.98	337,42
27-11-1953 ..	538,93	334,96	873,89	32,79	67,85	11.52	409,05	39,99	51.38	336,77
4-12-1953 ..	530,91	333,16	864,07	31,73	58,79	10.48	410,32	40 45	52.17	337,11
11-12-1953 ..	528.29	333,19	851,49	32,12	53,87	9 98	408,79	40,69	52.18	338,40
18-12-1953 ..	519,35	331,48	850,78	31,38	47,15	9.23	416,69	41,66	53.87	337,30
25-12-1953 ..	516,31	331,85	848,16	32,08	44,58	9.04	415,67	45,43	54 36	336,04
1-1-1954 ..	517,78	331,15	848,94	36,47	45,67	9.68	419,02	46,92	54.88	328,65
8-1-1954 ..	513,64	329,04	842,68	32,10	39,72	8.52	431.65	50,84	57.26	329,02
15-1-1954 ..	518,10	328,03	846,12	33,12	41,17	8.78	436.64	50,78	57.61	324,69
22-1-1954 ..	523,20	328,98	852,18	32,12	40,24	8.49	441,54	50,58	57.74	324,16
29-1-1954 ..	520,09	327,97	848,06	31,74	38,18	8.24	454,28	51,29	59.62	322,72
5-2 1954 ..	516,55	329,45	846,01	32,10	37,10	8.18	459,15	52,11	60.43	322,20
12-2-1954 ..	513,66	330,41	844.07	32,60	39,40	8.53	461,65	53.56	61 04	320,61
19-2-1954 ..	522,30	331,20	853.50	31,96	39,84	8.41	462.46	55,88	60.73	320,14
26 2-1954 ..	520,70	331,38	852,08	31,33	38,90	8.24	468,52	62,89	61.19	319,23
5-3 1954 ..	522,74	330,71	853,45	32,13	37,38	8.14	461.30	66,30	61.82	318,76
12-3-1954 ..	525,76	329,57	855,34	31,75	40,19	8 41	466,18	64,16	62 00	318,03
19-3-1954 ..	518,74	327,14	845,88	30,93	38.60	8.22	470.51	66,51	63.49	317,10
26-3-1954 ..	528,89	327,57	856,46	32,07	40,83	8.51	469,85	68,34	62.84	318,87
2-4-1954 ..	541.51	325,41	866,93	31,38	50,45	9.44	472.23	73,27	62.92	318,83
9-4-1954 ..	539,86	327,84	867,70	31,26	41,56	8.39	477.93	74,23	63.64	316,33
16-4-1954 ..	542,20	328,06	870,26	33,00	41,07	8.51	481.61	75,13	63.07	312,38
23-4-1954 ..	545.57	328,71	874,28	33,45	41,96	8 62	481,30	76 83	63.84	313,93
30-4-1954 ..	536,92	328,47	865,39	32,43	40,52	8.43	487,10	75,93	65.07	322.85
7-5-1954 ..	528,34	329.15	857,49	32,32	39,65	8.39	491,29	75,96	64.15	323,25
14-5-1954 ..	536,75	328,60	865,35	33,64	42,01	8.74	485,31	95,92†	67.17	323,03
21-5-1954 ..	541,35	328,95	870,30	33,04	42,93	8.78	482,86	96,72†	66.59	324,28
28-5-1954 ..	543,23	329,64	872,87	32,73	41,12	8.46	478,37	94,21†	65.52	324,05

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

Wages and Earnings

TOTAL EARNINGS OF FACTORY WORKERS DRAWING LESS THAN Rs. 200 PER MONTH EXCLUDING THOSE EMPLOYED IN RAILWAY WORKSHOPS

(In thousands of Rupees)

STATE	1939	1945	1946	1947	1948	1949	1950	1951	1952*
Assam ..	5649†	10585†	10684	13660	17022	18768	21271	23549	28437
Bihar ..	29375	58142	59259	82920	106275	123080	135102	166002@	160590
Bombay ..	144367	524903	486655	591839	713024	846271	765325	799117@	846862
Madhya Pradesh ..	—	33353	26279	42714	47010	61061	62858	59197	51832
Madras ..	24622	78147	88823	123439	136153	180039	185295	200713	250851
Orissa ..	515	2049	1929	3027	4449	4554	4988	8786	11805
Punjab ..	3829§	18640§	17857§	14454	20282	26703	34637	36812	40131
Uttar Pradesh ..	25485	124911	119904	133432	174352	198685	190264	167790@	164524
West Bengal ..	113424§	282735§	267307§	337875	432025	489577	480941	533408	535361
Ajmer ..	1049	2878	3167	3186	3971	3600	4776	4946	4968
Coorg ..	—	6	6	15	11	15	76	111	133
Delhi ..	5145	24412	25971	26078	36426	41154	42270	55336	48355
Travancore-Cochin ..	—	—	—	—	—	—	—	26149	—
Andaman and Nicobar Islands ..	—	—	—	—	—	—	1097	1176	1092

AVERAGE ANNUAL EARNINGS OF FACTORY WORKERS DRAWING LESS THAN Rs. 200 PER MONTH ‖

STATE	1939	1945	1946	1947	1948	1949	1950	1951*	1952*
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.§	Rs.	Rs.
Assam ..	263.7	660.5	687.5	755.5	795.8	942.8	1018.6	1017.9	1086.5
Bihar ..	415.5	538.7	544.0	819.8	946.2	983.9	1059.1	1241.5@	1422.7
Bombay ..	370.4	814.7	812.3	977.9	1141.9	1210.1	1170.3	1270.5@	1338.8
Madhya Pradesh ..	—	530.6	479.7	572.3	609.2	841.9	836.8	862.0	876.8
Madras ..	175.9	357.6	422.2	560.3	611.8	726.6	591.2	664.9	837.8
Orissa ..	161.8	417.2	440.1	493.6	612.6	527.0	680.6	762.4	847.2
Punjab ..	296.0	578.8	602.0§	628.2	675.9	858.7	771.3	756.0	806.4
Uttar Pradesh ..	235.6	551.7	593.6	672.8	887.1	993.0	933.0	960.4@	1002.9
West Bengal ..	248.7	465.5	496.3	567.7	723.9	839.0	877.5	942.3	987.7
Ajmer ..	163.7	419.8	447.8	445.3	527.2	552.0	660.0	694.2	702.0
Delhi ..	309.4	699.9	837.2	877.7	1047.3	1028.4	1061.6	1292.6	1340.5
Travancore-Cochin ..	—	—	—	—	—	—	—	632.1	—
Andaman and Nicobar Islands ..	—	—	—	—	—	—	732 9	718.1	864.0

* *Provisional.*

† Figures relate to undivided Assam.

—Not available.

§ Estimated.

‖ Excludes, besides Railway workshops, the groups Food, Beverages, Tobacco and Gins and Presses.

@ Due to a change in the arrangements regarding the reporting of information relating to defence establishments, it has not been possible to collect the relevant information from these States. The figures are therefore incomplete.

Source:—Indian Labour Gazette.

JUTE STATISTICS

JUTE CROP FORECASTS (Governments of India & East Bengal)

	Prelim. Area (000 acres)	Final Forecast: Area (000 acres)	Final Forecast: Crop (000 bales)	Final Forecast: Bales per acre
1951-52 Total ..	36,89	37,30	110,09	2·95
East Bengal ..	18,69	17,79	63,31	3·56
West Bengal ..	7,52	9,01	23,92	2·65
Rest of India ..	10,68	10,50	22,86	2·18
1952-53 Total ..	35,16	37,24	114,28	3·07
East Bengal ..	17,59	19,07	68,23	3·58
West Bengal ..	7,52	8,44	24,21	2·87
Rest of India ..	10,05	9,73	21,84	2·24
1953-54 Total ..	20,58	19,56	56,31	2.88
East Bengal ..	7,89	7,60	25,03	3.29
West Bengal ..	5,84	5,50	15,36	2·79
Rest of India ..	6,85	6,46	15,92	2·46

JUTE CROP FORECASTS

Annual Average or Season	Area (000 acres)	Yield (000 bales)	Yield per acre
1934-35—1938-39	2,758	8,185	2·97
1938-39	3,165	6,844	2·17
1939-40	3,161	9,750	3·09
1940-41	5,669	13,186	2·33
1941-42	2,160	5,476	2·53
1942-43	3,333	9,062	2·71
1943-44	2,639	7,004	2·65
1944-45	2,104	6,203	2·95
1945-46	2,422	7,991	3·22
1946-47	1,911	5,648	2·85
1947-48	2,710	8,539	3·15
1948-49	2,710	7,534	2·78
1949-50	2,724	6,422	2·36
1950-51	2,704	7,753	2·87
1951-52	3,730	11,009	2·95
1952-53	3,241	11,428	3·07

SUPPLY AND DISTRIBUTION OF JUTE 1952-53 & 1953-54

Supply	1952-53 (lakh bales)	1953-54 (lakh bales)
STOCKS—		
I.J.M.A. mills opening stock:		
(a) Calcutta ..	8·64	11·20
(b) Outside Calcutta ..	0·94	2·42
Opening stock of mills outside I.J.M.A. ..	1·50(E)	2·13(E)
Balers stocks (Calcutta) ..	0 50	0.43
Other stocks (Districts) ..	Nil(E)	Nil(E)
	11·58	16·18
Indian Union Crop (Govt. forecast)	46·05	31·28
Received/Expected from Pakistan:		
(a) by Mills		
(b) by balers & other sources ..	13·25	18·00(E)
Total Supply ..	70·88	65·46
DISTRIBUTION		
Mill Consumption—		
(1) I. J. M. A. Mills ..	52.53	50 32(E)
(2) Outside Mills	2.06	1·97(E)
	54·59	52·29
Domestic Consumption ..	1.00(E)	1·00(E)
Exports ..	Nil	Nil
Total Distribution ..	55·59	53 29
Carry over at end of Season ..	15·29	12.17

(E)=Estimated.

WEEKLY PRICES OF JUTE AND GUNNIES

DATE	Naraingung: Jute: Mill: Middle	Naraingung: Jute: Mill: Bottom	Calcutta: JUTE: Assam: Middle	Calcutta: JUTE: Assam: Bottom	Calcutta: JUTE: Pak. Jat: Middle	Calcutta: JUTE: Pak. Jat: Bottom	GUNNIES: Hessian 40"10 oz. (Ready)	GUNNIES: Sackings B. Twill (Ready)
	Rs. per md.		Rs. per md.		Rs. per md.		Rs. per 100 yds.	Rs. per 100 bags
1953-54	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A	Rs. A.
7th December ..	24 0	21 0	30 8	27 8	34 0	30 0	47 3	103 4
14th ,, ..	24 0	21 0	30 8	27 8	34 0	30 0	45 12	102 8
21st ,, ..	24 0	21 0	31 8	28 8	34 0	30 0	47 1	105 12
28th ,, ..	24 0	21 0	31 8	28 8	34 8	30 8	46 14	107 4
4th January ..	24 0	21 0	31 8	28 8	34 8	30 8	46 5	107 4
11th ,, ..	24 0	21 0	30 8	27 8	34 0	30 0	44 7	103 4
18th ,, ..	24 0	21 0	31 0	28 0	34 0	30 0	45 12	105 8
25th ,, ..	24 0	21 0	31 0	28 0	34 0	30 0	46 5	103 8
1st February ..	..	..	31 0	28 0	34 0	30 0	45 7	102 14
8th ,, ..	..	..	30 8	27 8	33 8	29 8	45 9	102 8
15th ,, ..	23 0	20 0	30 8	27 8	33 0	29 0	46 6	104 8
22nd ,, ..	23 0	20 0	29 12	26 12	33 0	29 0	46 3	107 2
1st March ..	23 0	20 0	28 0	25 0	31 8	27 8	44 14	106 10
8th ,, ..	23 0	20 0	28 0	25 0	31 0	27 0	44 6	108 6
15th ,, ..	22 8	19 8	27 8	24 8	31 0	27 0	42 12	105 10
22nd ,, ..	23 0	20 0	28 0	25 0	31 8	27 8	42 10	106 4
29th ,, ..	23 0	20 0	28 0	25 0	31 8	27 8	42 0	106 4
5th April ..	23 0	20 0	29 8	26 8	32 0	28 0	42 15	108 12
12th ,, ..	24 0	21 0	30 8	27 8	33 0	29 0	43 10	109 4
19th ,, ..	25 0	22 0	31 0	28 0	33 0	29 0	44 8	111 12
26rd ,, ..	25 4	22 4	31 8	28 8	34 0	30 0	44 8	114 4
Highest, 1952-53 ..	23 0	20 0	32 0	29 0	42 0	36 0	54 10	120 8
Lowest, 1952-53 ..	12 8	10 0	20 8	17 8	33 0	29 0	38 8	86 12

THE EASTERN ECONOMIST
PUBLICATIONS

		PRICE Rs. As. Ps.
1.	The Economic Progress of Russia, 1860-1948 by E. P. W. da Costa ..	1 8 0
2.	India's Foreign Trade: Part I by L. K. Jha	1 8 0
3.	India's Foreign Trade: Part II by L. K. Jha	1 0 0
4.	The Welfare State by T. W. Kent	1 0 0
5.	Foreign Capital in India by Taya Zinkin	1 8 0
6.	Industrial Labour in India by Dr. N. Das	1 0 0
7.	Japan's Post-War Industrial Recovery by Sherwood Fine	1 8 0
8.	Radical Humanism by M. N. Roy	1 8 0
9.	What Goes on in the U.S.S.R.? by "Odysseus"	1 4 0
10.	Communism and India by Philip Spratt	1 8 0
11.	India and The Free World	0 8 0
12.	India's Food Problem by P. A. Gopalakrishnan	1 4 0
13.	A Programme of National Education for India by Humayun Kabir ..	0 8 0
14.	Deficit Financing, Capital Formation and Price Behaviour in an Under-Developed Economy by V. K. R. V. Rao	1 8 0
15.	Men Without Work by Dr. N. Das	1 0 0
16.	Sea Power in the Indian Ocean by C. S. Venkatachar	0 8 0

PAMPHLETS IN PRESS:
(i) Gold and Its Price by Arthur Taylor
(ii) Goods Traffic and National Income by B. T. Vagh.
(iii) The Dollar Problem by Sir Donald MacDougall.

ANNUAL NUMBERS

1.	India 1900-1950 and India in 1949	5 0 0
2.	India and the World and India in 1950	5 0 0
3.	"A Social History of the Indian People" and India in 1951	5 0 0
4.	"India and the Free World" and India in 1952	5 0 0
5.	"India in Asia" and India in 1953	5 0 0

The Eastern Economist makes a special offer

(a) Any set of publications of value Rs. 6 can be had for Rs. 5.

(b) Any set of publications of value Rs. 10 can be had for Rs. 8.

POSTAGE EXTRA

Special Enquries to:-

The Manager

The Eastern Economist Ltd.

52, Queensway, New Delhi

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52,Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

AIR FREIGHT EDITION

SECRETARIAT 21 JUN 1954 MADRAS GOVT

THE Eastern Economist

VOL. XXII. NO. 25. NEW DELHI: JUNE 18, 1954. ONE RUPEE

CONTENTS

LEADING ARTICLES :	Page
THE IMPASSE AT GENEVA	973
RE-DEFINING OUR RIGHTS	975
FRENCH INDIA IN TRANSITION ..	976
THE WEEK'S NOTES	979
Failure in Geneva; Security and the Scientist; Mr. Lyttelton's Malayan Misadventure; Conference on Convertibility; Fall in Food Prices.	
WORLDGRAM AND NEWS IN BRIEF ..	983
A WINDOW ON THE WORLD	
Odysseus on "Karl Marx and I"	987

SPECIAL ARTICLES :	Page
CRISIS IN CASHEWNUTS	989
OPERATING COSTS OF BANKS ..	990
THE BUSINESS WORLD :	
The Future of the Working Time Agreement	992
Business and Employment .. .	992
BUSINESS NOTES	995
Rationalisation in Kanpur Textile Industry; Outlook for Coffee; Non-ferrous Metals Industry; Bank of Rajasthan; Sugar Machinery Manufacture; Wool Output and Consumption; India's Foreign Trade Lower in 1953; Output and Employment in Collieries in April; Rohtas Industries.	
COMPANY AFFAIRS	998
COMMODITY NEWS AND NOTES	1000
CURRENT STATISTICS	1010

The Impasse at Geneva

AFTER having captured the limelight for over seven weeks, the Geneva Conference has now headed for a breakdown because of the developments during the ast few days. Despite the initial scepticism of the world's diplomats who have been hardened by Communist methods of negotiations and the pessimistic forebodings from across the Atlantic, a hope had persisted all through these protracted negotiations that the improbable might yet be capable of achievement. Some of these expectations still linger and even if humanity has to continue to feed itself on slender hopes, there is no reason to ignore the realities of the Geneva talks. The problem of Korea has defeated all attempts at solution but this was not unexpected. The considerations which applied to the problem of German unity also apply in large measure to divided Korea and there was no more reason for success in the latter than in the former. What Geneva has now achieved is to show that even the private and informal atmosphere of the Conference was not more helpful for reaching an agreement than the United Nations before whom the question was pending all along. The 16-nation declaration on Tuesday announcing this failure and attributing it to Communist obstinacy has also disproved the theory that the representation of Chinese Communists at the conference table would be fruitful of results.

The real source of hope at Geneva was the prospect of agreement being reached on a cease-fire in Indo-China. It is barely a month now since the first "restricted" session on Indo-China was held on May 17 and the comparative privacy of these secret negotiations held out chances of progress. Actually, the hope for a favourable outcome was sustained only because of the extraordinary patience and the transparent sincerity of purpose which the British Foreign Secretary, Mr. Anthony Eden, has displayed. Mr. Eden's skilful diplomacy and untiring optimism provided assurance that no method of securing agreement would be left unexplored. For India, in particular, where criticism of the Western policy is apt to be more readily seized upon, there was the additional assurance provided by the informal assistance given by Mr. V. K. Krishna Menon, who was only nominally an observer on behalf of the Indian Government, but actually a leading participant in the background. And in spite of the more categorical opinions of American statesmen on the outlook for the Geneva talks, American delegates have been content of late to remain in the background to let the other major Powers drift slowly to the breakdown which seemed to them the logical end of the Conference because of Communist intransigence.

The crucial differences on Indo-China have deepend in recent weeks and the defeat of the Laniel Government, which has now left the Conference without the most important party to the negotiations, is only the least of the causes now preventing an agreement. The chances of a new Cabinet resuming the negotiations, with enhanced authority from the French Parliament, are not very bright at the present time. All that is practicable is to continue these talks at the lower levels, so as to prepare the ground in detail in case negotiations have to be resumed at a later date. But on the two major issues that have now been raised over Indo-China, there is not the slightest indication of the Communist Powers being anxious to negotiate with a view to reaching an immediate agreement.

The issue that has been most widely discussed about the Indo-China question relates to the composition and powers of the international Commission to supervise an armistice. It is clear that the Communist position was patently unreasonable because it sought to have two neutral and two Communist countries on the Commission which at best would have caused permanent division of opinion in the Commission on matters favourable to the Western Powers while securing at the same time neutral support on points of advantage to the Communists. The Communists have not hesitated to reject a more completely neutral team like the Colombo Powers suggested by Mr. Eden for the supervision of the armistice. The latest proposal of Mr. Molotov that India should preside over the proposed armistice commission with slightly wider powers was nothing more than a piece of propaganda, intended to counteract the effects of the Soviet Union's blunt rejection of the Colombo Powers as genuinely impartial neutrals capable of enforcing the armistice. It was certainly surprising that if the Soviet Union and China had been eager for a settlement of East-West differences they should have distrusted the other Colombo Powers, like Burma, Indonesia and Ceylon, who have maintained a strict neutrality in the Cold War. The conclusion cannot be resisted that the Communists' anxiety for an immediate settlement on Indo-China was not as real as it seemed before the Geneva Conference opened in April. The circumstance that with the fall of Dien Bien Phu the military initiative was passing increasingly to the Viet-Minh has also perhaps been responsible for stimulating the Communist desire further to consolidate and strengthen the Communist positions in Indo-China, while a show of negotiations was being maintained at Geneva.

An issue of far greater importance than the composition and powers of the Supervisory Commission arose out of the special position for Laos and Cambodia claimed by the Western Powers. The Communist argument that there was no difference among the three Associated States was palpably false because the Viet-Minh offensive within Viet Nam is of the character of an internal civil war between rival groups of differing strength among the same population. In Laos and Cambodia, the position is different; the insurgents of a neighbouring State have aggressively invaded these territories, in the name of a handful of subversive elements within the two States. It would hardly be possible that the same status should ever be accorded to the Viet-Minh in all the three States. So long as there is insistence on this parity, there can be no prospect of agreement on Indo-China. If the Communists should ever seek to achieve a stronger position in these two smaller States by force of arms, the West is already clear in its mind that it should not be left unchallenged. That would be the real object of the proposals for South-East Asian security, which would be more fully explored at Washington next week.

It has always been assumed that an eventual solution to the problem of Indo-China might imply some kind of a partition, even if it was not a clear-cut separation as in Korea. The fundamental basis of the Western stand was that Laos and Cambodia should clearly be on its side, since history, geography and internal politics have combined to justify it. Within Viet Nam, any line of partition can only continue until it is obliterated by the popular support given to either of the rival groups in free elections after a political settlement is reached. It must be clear, however, that any attempt to alter through force the dividing line that may be agreed upon would be the signal for the enforcement of collective defence measures against such force, involving the risk of a general spread of war.

These are the major implications of a Far Eastern settlement which have become clearer both in the talks at Geneva and in other statements arising out of these talks. Mr. Dulles has now succeeded in making clear by constant reiteration the conditions which should be fulfilled for American intervention in the Indo-China war. These conditions have conclusively rebutted the charge that the United States was straining at the leash for entering the Indo-China war. This clarification was not the least of the important consequences of Geneva. An immediate practical outcome has been the direct consultations between the rival military leaders in Viet Nam on the question of the regrouping of the forces as part of an armistice. The presence of a Chinese delegation to discuss international problems and the experience of such discussions must have proved as useful an experience to Prime Minister Chou En-lai as to the Western diplomats. Also, an indirect consequence would be that the non-Communist countries will not now be able to appreciate the oft-repeated suggestion that difficulties on Asian questions will disappear by admitting Communist China to the conference table, whether within or outside the United Nations. This first experience has not proved encouraging enough.

Whether a failure at Geneva means more tension and eventual war or not may be debated. Mr. Molotov's sudden visit to Moscow appears to have stiffened the Communist attitude. Such stiffening may not be due to the readiness of Communists to contemplate a widening of the conflict but merely to a desire to strengthen their bargaining position to secure the most favourable settlement. But it is now clear that there are limits to that process. The Geneva Conference has helped to define them, and to reinforce the verdict given on the Berlin Conference that wholly extravagant proposals may be forthcoming as on the Austrian treaty, when there is some advantage to be derived by the Communist Powers through not solving international differences.

Re-defining Our Rights

MOST opinions on the vitality of the Indian democratic system have tended to be one-sided. They have either been lyrical over the scheme of rights guaranteed to the individual under the Constitution or, on the other hand, underlined the unhappy trend in legislative and executive policy which exploits the restrictions contemplated in the Constitution on the various liberties to strengthen authority. It may be part of the legitimate function of the political opposition in the country to concentrate attention on the latter, and Acharya Kripalani made due mention of it last week in his criticisms of Government. There is an ambivalence in the Congress Party leadership which has been responsible both for the enthusiasm over the fundamental principles of the Constitution and the inclination, at the same time, to let the State extend its control over various aspects of the individual's life. Political opposition to such measures like the Preventive Detention Act and the Press Act has drawn attention to these violations but has been powerless to influence, and has created the impression of an executive unresponsive to public opinion. The real check in such cases can often come only from the manner of exercise of its constitutional authority by the judiciary. The more recent trends in judicial interpretation in this country have been reassuring in the midst of the disquiet caused by the grasping tendency of present-day executives.

Between the judgment in the Sholapur mills case, in which the Supreme Court defined the rights of property, and the latest decision declaring repugnant certain provisions of the Income Tax Investigation Act, the Judges have constantly tried to test the validity or the reasonableness of legislative or executive restrictions on the citizen's freedoms. They have uncovered both the unconscious as well as the deliberate violations of the constitutional provisions in legislation and in executive action. Portions of the Industries (Development and Regulation) Act passed after the Constitution came into force involved deliberate legislative violations, which have become more or less nugatory because of the Sholapur decision. By quashing the Bombay Government's instructions on admission to English teaching schools a leading instance of open executive violation of unambiguous rights has been brought to light. They show that political considerations often lead to lack of scruples about violations of the Constitution, which in the ultimate resort can be corrected only by the judiciary. But there are, besides, a host of other matters in which there can be unconscious or unintended violation. The Madras Electricity Act was recently declared ultra vires by the Supreme Court on an interpretation which could hardly have occurred to the legislators in 1949 and is even now debatable on its merits. More frequent are those cases in which by the mere enactment of the Constitution in 1950, many long-accepted valid principles became automatically illegal and void. The search for such laws and regulations has hardly begun. Since it is obviously not in the interests of the executive to dig up such offending matters to expunge them openly from the statute book, the courts have still a large task on hand in uprooting them one by one.

The Constitution Bench of the Supreme Court in the course of a recent judgment issuing a writ against the U.P. State Government (for the restoration of possession of certain villages) defined the position by observing that the Constitution "blotted out in one magnificent sweep all vestiges of arbitrary and despotic power in the territories of India and over its citizens and lands and prohibited just such acts of arbitrary power as the State now seeks to exercise". The issue in the Income Tax Investigation Act was not dissimilar because the legislation enacted before 1950 could have survived a challenge until the Constitution came into force. This is the main significance of the bill of rights in the Constitution and, in particular, of Article 14, which is the corner-stone of this scheme of rights.

It has often been said that the sudden advent of these constitutional rights with a judiciary willing to interpret them truly, has caused some considerable administrative dislocation. It is even feared that some long-accepted legal distinctions and discriminatory practices which are not even ripe for reform by legislation, may suddenly be thrown overboard merely by an application to the courts based on the equality clause or other principle. These are, however, only unfounded fears. The courts have not on the whole, been unaware of their obligation to interpret the Constitution in a responsible manner and consistently with the public interest. In the Burdwan fraud case the Chief Justice of the Supreme Court observed that it was well-settled that though Article 14 was designed to prevent any person or class of persons from being singled out as a special subject for discriminatory legislation, it was not implied that every law must have universal application to all persons who were not by nature, attainment or circumstance in the same position. Under a process of classification, the State has, according to the Supreme Court, power of determining who should be regarded as a class for purposes of legislation and in relation to a law enacted on a particular subject. That classification, it has been laid down, should not be arbitrary but must be based on some real and substantial distinction in relation to the objects sought to be attained. It was on this doctrine that the Supreme Court approved a discrimination of the kind complained of in the Madhya Pradesh dearness allowance case.

These doctrines of interpretation are as reasonable as reasonableness could be. No literal or unqualified interpretations have been adopted by the Supreme Court merely for vindicating the citizens' liberties. It is important to bear this in mind, since a thwarted executive and misguided politicians may easily be led to argue the case for restricting liberties, as a Congress Sub-committee has already done, on the specious plea that the judiciary is unhelpful to an expanding administration. In such a course such enthusiasts for restriction may well secure allies amongst a bureaucracy which is being constantly made aware of the limitations which it had not hitherto suffered. But there is no doubt that the citizen, who is being given the first taste of his rights and of the channels of their enforcement now thrown open to him, would not countenance any such move for further restriction.

Since the commencement of the Constitution the courts in the first instance happened to concentrate on cases of restraints on individual liberty. The Sholapur case was a major advance because it proceeded to define the rights of property in terms of Article 31. The educational rights under Articles 29 and 30 have now been clarified in the Bombay case and the scope of the religious rights in relation to secular affairs have been settled in the cases arising out of the Madras Religious Endowments Act. So long as the judiciary thus acts as the jealous watchdog of these liberties, it would be inexact to describe the working of the Constitution as restrictive merely because the Home Ministry at the present moment has adopted a too narrow outlook. Restrictive or improper legislation provides the opportunity for the citizen to invoke and fight for his liberties. In this he can have a growing measure of confidence because even when his elected representatives fail him, the judiciary as the second line of defence has proved solid and reliable.

French India in Transition

QUITE suddenly on Wednesday, the trouble over the French pockets in India assumed very serious proportions because of the landing of a detachment of French troops in Pondicherry. India regards this landing as a violation of treaty obligations. Still worse, the impression has been given here that French preparations for moving troops were made while negotiations at Paris were proceeding. What now appears a gross instance of French perfidy has for the moment wiped out the impression conveyed by the Indian delegation last week of the great friendliness with which the Paris talks were conducted. In causing this setback, the French have been guilty of indiscreet folly rather than of a clever manoeuvre. It is now clear that there was really "a free and sincere exchange of views" between the Indian and French Governments just as M. Laniel had wanted and that both delegations had moved gradually a considerable distance from the respective positions from which they had started. This is of good augury for the resumption in future of the negotiations which broke off at Paris. The Indian delegation has proved itself resilient enough to make concessions without giving away the substance of what it had sought, and undoubtedly our delegation's technique of negotiation has been fully in keeping with the declared object of the Government of India that the unification of the French pockets should take place in a peaceful and friendly way, even though the question, in the Indian view, did not admit of any opposite opinions.

The Indian delegation's negotiations were conducted within the framework of the three fundamental principles laid down by the Prime Minister recently in Parliament that there should be no acceptance of a referendum, that there should be an immediate 'de facto' transfer of administration to India and that the transfer of 'de jure' sovereignty should take place within a short period thereafter. Both delegations deserve praise for the manner in which these principles have now come to be accepted as basic to a solution, though there have been vital differences on the way in which they should be defined in practice. The French delegation has at last agreed that the question of a referendum should be finally given up. This abandonment was implicit even before in the assumption, which was the starting-point of the talks, that India's 'locus standi' rests on her refusal to accept foreign rule in any area which is an integral part of India. This principle has now been more or less explicitly recognised by the French Government. The final transfer of 'de jure' sovereignty after a short transitional period of 'de facto' Indian control would be made after some form of popular consultation—the exact method being regarded non-controversial. Thus one of the major issues relating to the question of the French pockets has been quietly removed from the area of controversy.

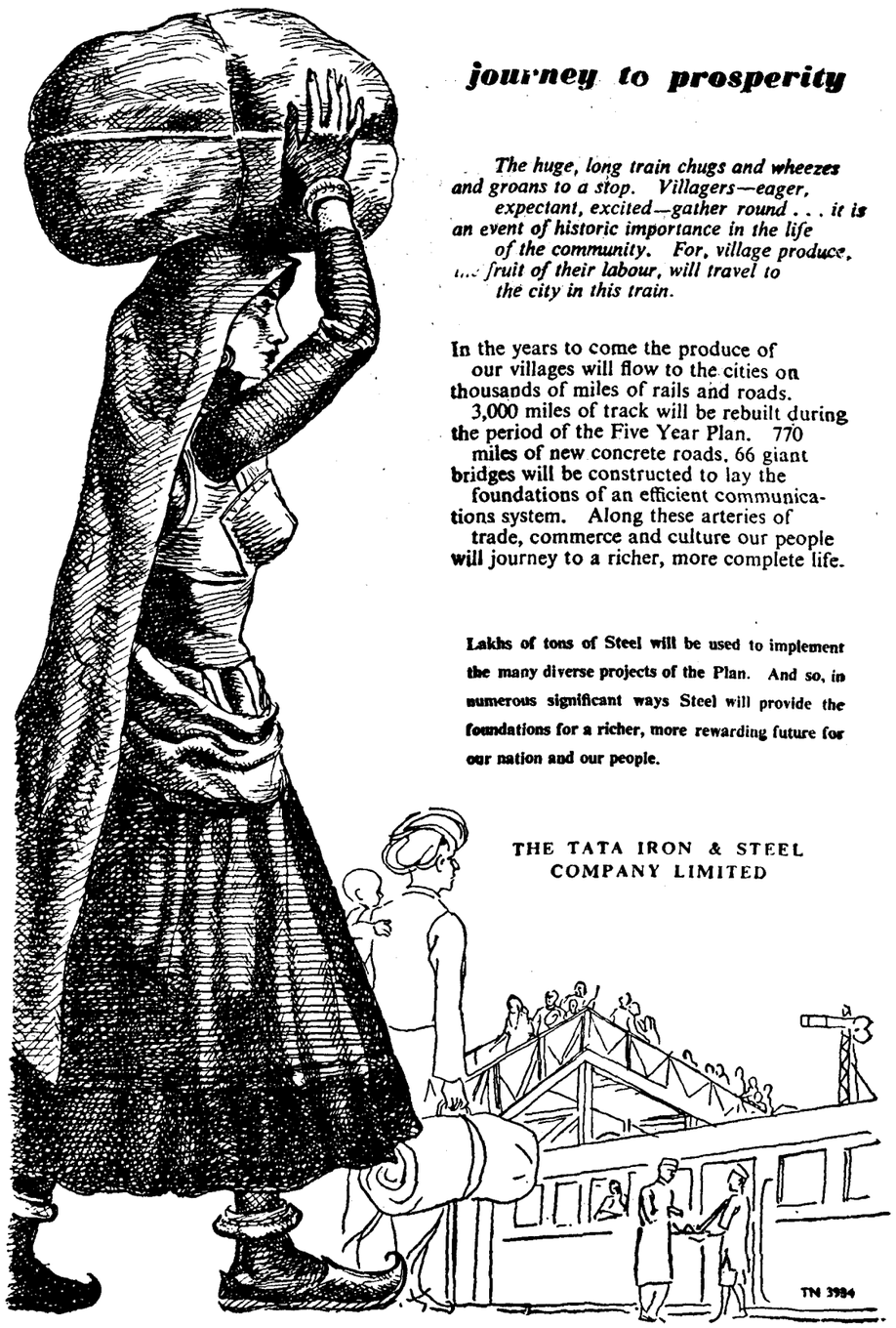
This was a significant advance, even though there has since been failure to agree on the 'de facto' transfer of authority. This failure was due primarily to the political crisis which the French Government had been facing all the while it was negotiating with India on the differences over what constituted the essential ingredients of a 'de facto' transfer. There is little use in blaming the French Government, which has now gone out of office for its inability to take vital decisions on these matters in the midst of its precarious position. Very much larger issues have been at stake for France. An 'ad hoc' solution of the problem of transfer of 'de facto' sovereignty to India was all that the French delegation had to offer and it was so limited in character that the Indian delegation had no option but to declare it unacceptable. But this is a failure which can well be the stepping stone to eventual success.

Current French colonial policy has always been far too Fabian to meet the needs of the present-day world and the ambitions of the people of the dependencies. Such obsolete policies of reform appear even more odd in relation to the French settlements in India. With the "liberation" of Yanam this week, more than half of French India has declared its freedom from French rule. The French reluctance, therefore, to agree to the immediate transfer of administrative authority to India over the police, judiciary, treasury and economic affairs—in spite of France having been conceded control of some other departments during the transitional period—was inexplicable, especially after they had agreed to the point that the period of the transition should only be about three or four months. As Mr. R. K. Nehru pointed out last week, there was some inconsistency in the French insistence on control over the police and the judiciary as a relic of sovereignty when they were ready to hand over the entire customs department.

The Indian delegation has yielded considerably in abandoning the claim for full 'de facto' transfer and in agreeing to the continuance of French representatives in the administration with control over the less essential departments. The hitch over the French proposal for suspension of existing representative institutions in these settlements was finally solved by the withdrawal of the proposal. The Indian delegation agreed to the joint nomination of Administrators in Mahe, Yanam and Karaikal and even to the continuance of French advisers in the essential departments transferred to Indian control, like the treasury and the police. All these concessions had provided the basis for a fair compromise which could fully take into account French wishes on the various aspects of the matter. And, in an extremity, perhaps some other nominal concessions from the Indian side might not have been impossible, if they could have helped to achieve complete agreement. But India could certainly not have acquiesced in the role of a junior partner in the colonial administration of the pockets—which would have been the main result of acceptance of French proposals. Not all of them were due to the constitutional difficulties in the way of transfer of control of the administration.

The next step is not by any means clear. The French offer to India to transfer police responsibilities in the liberated enclaves has not been accepted; India has insisted instead that mutually acceptable administrative arrangements should be made for all the establishments during the transitional period. Restrictions on travel, which had been relaxed to create a congenial climate for the Paris talks, will now be re-imposed. All this means that while vigilance will be exercised on the borders, the internal situation in the enclaves may deteriorate. The French Government cannot obviously let this undefined situation continue. The ugly scenes encouraged by the partisans on either side can create chaos and such chaos should not prove to be the major legacy of French rule in the enclaves, to the exclusion of some of the distinctive cultural benefits, for the preservation of which the Government of India has offered assurances. There would be very few Frenchmen who would wish to make a last-ditch stand on their losing cause in their Indian settlements at such risk. The visit of a French delegation to Delhi for resumption of the talks now discontinued would be welcome, since both sides have now established their capacity for the most friendly negotiations. But the despatch of such a delegation cannot be fruitful if it is not preceded by decisions on the major conditions for the transfer.





THE WEEK'S NOTES

FAILURE IN GENEVA

The defeat of the Laniel Government on a confidence vote on French Indo-China policy accelerated the end of the Geneva talks which had already been nearly wrecked on the failure of the Communist Powers to agree on a 'modus vivendi' for a cease-fire and truce supervision. So long as the question of Laos and Cambodia had been kept out, some progress seemed possible, but the Soviet line has apparently stiffened after Mr. Molotov's flying visit to Moscow. Clearly, the Viet-Minh has no 'locus standi' in these two States to seek any position for negotiation and the freedom movements on whose behalf the Viet-Minh seeks to speak have no local strength or standing. If the conference is wrecked on this issue, there would be no doubt that the Communist Powers alone should take the blame. As Mr. Casey observed in New Delhi this week, it would hardly be possible to refrain from insisting on the evacuation of the Viet-Minh from these two small States. This issue is in a sense more important than the Communist attitude to the Colombo Powers being chosen for truce supervision.

On Thursday last week Mr. Eden declared that if the position remained as it was on that day, he would admit failure. There has been no reason to feel that any improvement has taken place since. The Soviet conception of a neutral commission presupposed the inclusion of Communist Powers. Still more important in the eyes of the Communist negotiators was the simultaneous settlement of the political questions. While the long drawn-out process of cabinet formation goes on in Paris, there will be none to discuss or put forward proposals on behalf of France. The Korea talks have also reached a stalemate, but that was only to be expected.

The immediate consequence of a failure at Geneva would be to justify American pessimism about the value of the conference. That in itself is no gain. The Viet-Minh holds the military advantage in Indo-China and though warfare may be suspended because of the monsoon rains, the initiative would still rest with them. General Navarre's report on the reasons for his failure emphasises that the morale of the Viet Nam army is very low. The Viet-Minh may be expected to exploit this advantage to the best but any extension of its activity into Laos or Cambodia might prove the occasion for a wider conflict.

SECURITY AND THE SCIENTIST

The findings of the Security Board in the Oppenheimer case will not be regarded as conclusive, if only because there has been a division of opinion among the members. A majority has held that his conduct "was sufficiently disturbing" as to raise a doubt whether his future participation would be consistent with the best interests of security. The dissenting member of the board was categorical in stating that Dr. Oppenheimer "did not hinder the development of the hydrogen bombs and there is absolutely nothing in the testimony to show that he did". The loyalty and discretion of this eminent scientist have not been denied. The question then was whether a scientist should accept and abide by official and conventional limits of safe discussion and association and if not, whether the penalty for such non-conformity should be an exclusion which reflected on his loyalty. The Atomic Energy Commission has declined even to hear oral arguments against the majority findings, agreeing to take only a written statement of his defence. This procedure as well as the conclusion has inevitably led to the feeling, at least among the scientists, that the treatment was not consistent with the best democratic traditions.

This protest is only natural and there has been substantial support forthcoming to Dr. Oppenheimer's cause. Not to protest would have involved a surrender of principle, involving the acceptance of the Marxist theory of a scientist's subordination to the social function of science, as interpreted by those responsible for the decisions of society at any time. The issues involved in this dispute have been discussed for over a decade now. The majority report of the Board by Mr. Gray and Mr. Morgan has vehemently repudiated the suggestion that the scientists as a group were under attack in the Oppenheimer inquiry. They have gone further and rebuked the scientists of misapprehending their own duties and obligations as citizens, however encouraging it might seem "when one is concerned with the vitality of our society". But the scientists in the U.S.A. have a common cause with the victims of other Congressional investigations which have not been fair.

MR. LYTTELTON'S MALAYAN MISADVENTURE

The Malayan political "Alliance"—composed of the Right-Wing United Malay National Organisation and the Malayan-Chinese Association—has decided to withdraw all members from active participation in the Federation's government. This would involve the resignation of 16 legislators and two executive councillors. The Alliance had submitted a resolution calling for an independent commission composed entirely of members from outside Malaya to report on constitutional reforms in the Federation. The Alliance recognised this would cause a postponement of the elections, but asked for the creation of a commission in the hope of securing a larger majority of elected members. But the Secretary of State for the Colonies, Mr. Oliver Lyttelton, announced his intention of proceeding with the plans for elections to a Legislative Council in Malaya, with a majority of six elected members, as early as possible next year in spite of a threat by the Alliance, to boycott the elections. The Colonial Secretary has pointed out that the issue is one which will have to be discussed with the Malay rulers and in the meantime he sees no reason for delaying his own programme. This already gives an elected majority, instead of the minority of elected members recommended by most members of the Electoral Committee when they studied the constitutional evolution of the Federation. The Alliance had only demanded an increase of the elected members from 52 to 59 which does not seem unreasonable. But Mr. Lyttelton's reaction was typical of his attitude to such problems, indicated in Kenya, Buganda and elsewhere. He has bluntly rejected the demands, concluding his decision in the following terms:

"The Legislative Council has an established and important place in the consideration of constitutional change and is the appropriate consultative body for voicing representative opinion upon any proposals for further constitutional development. The makes it very desirable that a substantial number of elected members should without delay be incorporated in the Legislative Council, so that their representative views may have consideration when any further changes in the Federation agreement are contemplated.

"I understand that in presenting your resolution to the High Commissioner the Alliance delegation told him they recognised it would be a considerable time before a report could be made by an independent commission and decisions taken upon its recommendations, but that the Alliance was content that Federal elections should nevertheless be postponed to allow for this.

Previously, however, the Alliance has held the view that elections should take place not later than November this year, and in my letter of May 18, I assured you that, although I was satisfied that that was not a practical possibility, no effort would be spared to hold the elections at the earliest practicable date in 1955. For the reasons given in this letter I adhere to that view and remain satisfied that nothing would now be gained by delaying the introduction of Federal elections and that there is no justification for doing so".

CONFERENCE ON CONVERTIBILITY

The conference on currency convertibility problems which is due to be held in London in July under the chairmanship of Mr. R. A. Butler, Chancellor of the Exchequer, will be attended by seven other Ministers representing France, Germany, Italy, Switzerland, Greece, and the Benelux and Scandinavian group of countries. British officials will be going to Paris shortly for preparatory meetings in connection with the conference. The decision to hold the London conference was taken by the O.E.E.C. (Organisation for European Economic Co-operation) Council, following a suggestion made by Mr. Butler at the beginning of May. Agreement was then reached to set up a "ministerial working party" to consider the practical problems of currency convertibility which, it was considered, had not been fully dealt with in the report that had just been produced after several months' work by the managing board of the European Payments Union.

The terms of reference for the conference as laid down by the O.E.E.C. Council will include four major subjects:

(1) Examination, in particular, of the measures to be taken by O.E.E.C. to ensure that the re-establishment of convertibility by certain member countries will not result in reducing the degree of freedom already obtained for European trade, or in impeding the progress of liberalisation of that trade, or of international trade generally;

(2) The adjustments needed in the trading policies of member countries to bring them in line with a wider and freer multilateral trade and payments system;

(3) Arrangements for international co-operation in both financial and commercial fields;

(4) The measures, including the provision of international credit, to be taken to ensure the maintenance of close trading relations between those member countries who have re-established convertibility and those who have not.

It is emphasised that neither the London meeting of Ministers nor the work of officials meeting for preparatory discussions in Paris aims to evolve anything like a definite programme for convertibility with target dates for the various steps to be taken to reach the final goal. The ministerial working party, under the chairmanship of Mr. Butler, will seek to produce something in the nature of a blueprint for convertibility so that when conditions are appropriate an agreed plan of co-operative action can be put into operation. It is generally accepted that the July conference will attempt to achieve a common European front ahead of the important meeting of the International Monetary Fund in September. All European countries participating in the London talks regard the I.M.F. as the most likely provider of dollars.

FALL IN FOOD PRICES

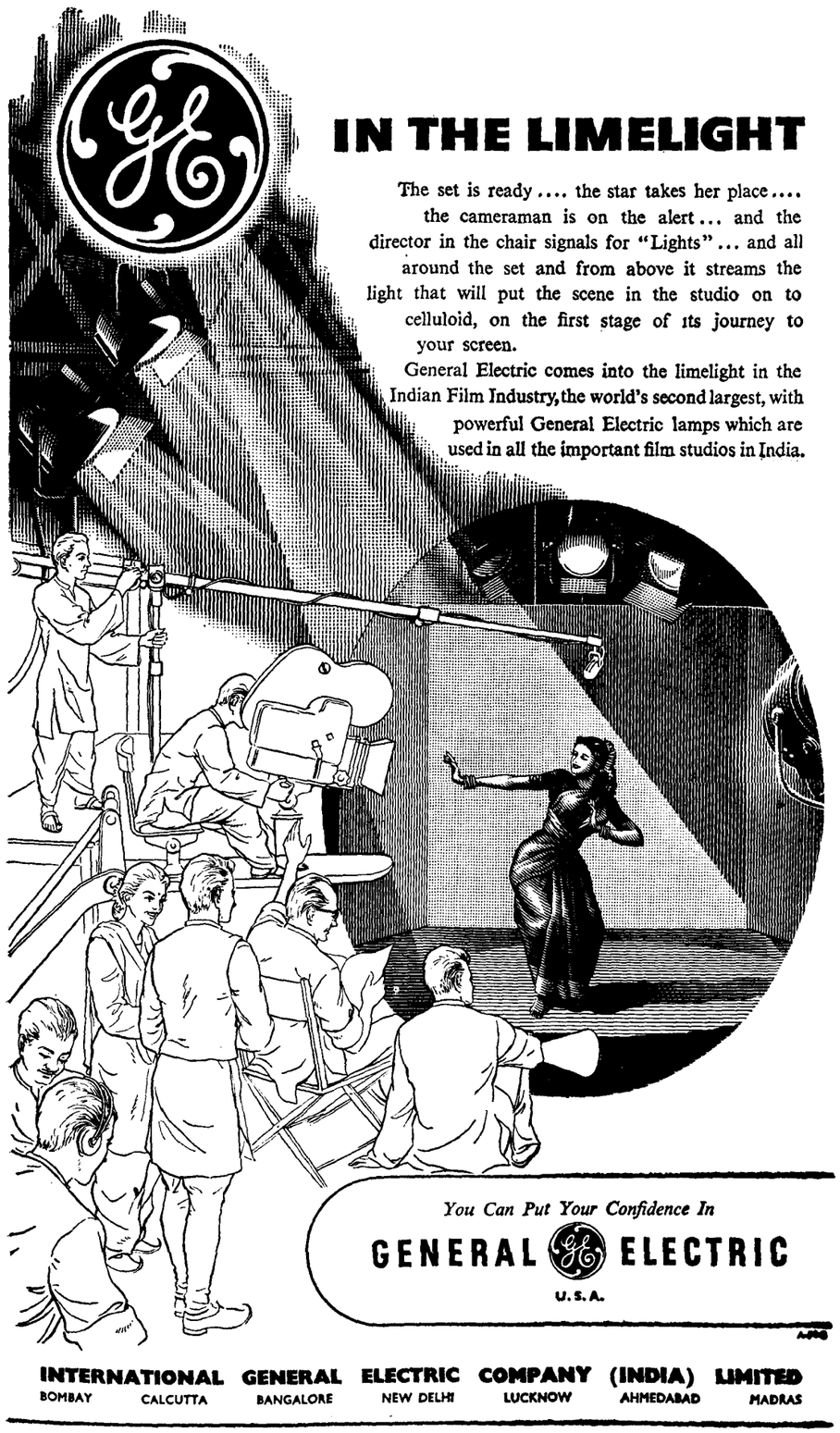
The food importing countries of the world can now view with some satisfaction the competitive reduction in international wheat prices and the continuing anxiety of the wheat exporting countrise about the disposal of their surplus stocks. The Australian Minister for Agriculture, Mr. McEwen, observed that nothing was more likely to stop overseas countries from buying Australian wheat than indications of an unwarranted panic reaction. Australia has sold so far only half the quota under the International Wheat Agreement and she is less concerned with the dollar prices, than the Argentine price which Australia has to follow closely. The competition is keener between Canada and the United States and Canada's Trade Minister, Mr. C. D. Howe, has declared his determination to maintain Canada's share in the world wheat trade (about 40 per cent) even if it meant further price reduction. The drop in wheat exports in the first nine months was nearly 25 per cent and Canada is expected to carry over at the end of the crop year a record quantity of 577 million bushels —which is only slightly below the level of 840 million bushels with the United States.

The price cuts by the U.S.A. and Canada—which have brought wheat prices around $1.73 a bushel—are unlikely to change until the meeting of the International Wheat Council is over in London. The U.S. decision to use $1,000 million worth of agricultural surplus for foreign aid cannot also fail to have, however indirectly, some effect on demand and the prices. To the producers these bearish factors may well look like repetition of the depression story but the importers have paid unprecedented prices in the last three years with serious consequences to the stability of their economy. Those who have made up their deficits in food supply—like India—will not derive much advantage. But the indirect effects of the fall in wheat prices will also be felt in rice and Thailand is already facing a problem, though a crisis for Burma was averted in time because of India's offer to purchase the rice at a high price.

IMPERIAL BANK OF INDIA

INCOME-TAX RETURNS PREPARED AND CLAIMS MADE ON BEHALF OF CONSTITUENTS

Local Head Office
CALCUTTA - BOMBAY - MADRAS
and Over 400 Branches and Sub-Offices throughout India, Pakistan, Burma and Ceylon.
London Office
25, Old Broad Street





STANDARD-VACUUM OIL COMPANY (The Liability of the Members of the Company is Limited).

WORLDGRAM

FINANCE

Pakistan's Balance of Payments for January-March 1954: The balance of payments position for the quarter January-March, 1954, shows the fifth successive surplus at Rs. 1.73 crores. During the 1st quarter of 1953 there was a surplus of Rs. 5.34 crores, in April-June Rs. 1.47 crores, in July-September Rs. .92 crores, and in October-December Rs. 4.33 crores. The total surplus for the period January 1953 to March 1954, amounted to Rs. 13.79 crores. Gold, dollar and sterling reserves on March 31 amounted to Rs. 71.96 crores, an improvement of Rs. 3.07 crores during January-March, 1954. The balance was Rs. 60.61 crores on December 31, 1952, a net improvement of Rs. 11.35 crores since the beginning of 1953. During January-March 1954, exchange earnings amounted to Rs. 39.54 crores (Rs. 16.62 crores from jute exports and Rs. 14.62 crores from cotton exports). Payments during the period were Rs. 37.81 crores (Rs. 19.11 crores on imports on private account, and Rs. 13.29 crores on Government account.) Invisible payments on travel, family maintenance and other services amounted to Rs. 5.41 crores.

* * * * * * *

Ceylon Customs Revenue Increases: Revenue from imports exceeded that from exports by Rs. 44,000,000 according to the Principal Collector of Customs in his Administration Report for 1953. Collections made by the Customs Department last year exceeded the total for the previous year by Rs. 8,000,000. The report also points outs that the value of cargo imported by air showed a decrease over the previous year from a little over Rs. 23,000,000 in 1952 to Rs. 14,500,000 in 1953.

* * * * * * *

East Pakistan Seeks Rs. 50 Million Loan: It is repored that the East Bengal Government has asked the Pakistan Central Government for a loan of Rs. 50 million. The loan is to be used for maintaining a central reserve of food grains in the province. At present, the East Bengal Government has a reserve stock of 900,000 tons of rice, and proposes to purchase 100,000 tons of wheat to maintain a reserve of food grains.

* * * * * * *

U.N. Reconstruction in Korea: The United Nations Korean Reconstruction Agency had raised £35 million from 30 countries, and all but £1 million have been spent or assigned. The Agency needs £50 million to cover the immediate programme it has in view. Half the expenditure has been on supplies and equipment to raise the productive capacity of Korea's main industries—agriculture, fishing and mining—and on starting educational and vocational training schemes. Millions of pounds have been spent on rehabilitating the textile industry's three plants. U.N.E.S.C.O. has given some printing machinery which is being established. Hand-operated earth and cement brick-making machines to make houses desperately needed in Korea, are being imported from South Africa.

* * * * * * *

Indian Savings Stamps Scheme for National Plan Certificates: Small savings in India of the value of four annas, eight annas and one rupee can be made by the purchase of National Savings Stamps from post offices, and affixed to a National Savings Card obtainable free from post offices. When the total value of the stamps is equivalent to Rs. 5 or Rs. 10 the card of stamps can be exchanged for a National Savings Certificate. The Government of India has decided that as long as the National Plan Certificates remain on sale, the Savings Card of a total value of Rs. 25 or Rs. 50 may, if the owner so desires, be exchanged for a National Plan Certificate of like denomination.

* * * * * * *

Surplus in Newfoundland Budget: The recently introduced Newfoundland Budget reports a surplus on current account for last year at $2,740,572 ($1,250,000 less than estimated). For 1955 a surplus of $3,660,000 is forecast. On the capital account, for public works and similar expenditure, a deficit was reported; exhausting the $10 million loan raised in 1952, as well as the whole of the current account surplus. New taxes on petrol and entertainments were imposed. Education—$7,300,000—represents 20 per cent of the Government's total expenditure in the current account.

* * * * * * *

New Zealand Finances Show Surplus: The public accounts of New Zealand for the year ended March 31, 1954, show a surplus of £1,600,000. Consolidated fund receipts at £82,300,000 exceeded expenditure by £1,800,000, and those of the social security fund at £63,800,000 were £1,500,000 higher; public works expenditure which was higher by £1,700,000 reduced the final surplus. Taxation reductions made last year cost between £8 million and £10 million, the wage increases in September 1953, made for heavy Government expenditure. Social security, including age, family sickness and medical benefits, now cost over £62 million annually—about £31 per head. Subsidies, principally on butter, milk and bread cost approximately £14.5 million.

INDUSTRY

Concern Over Surplus Capacity of Metal Industry: The production of non-ferrous metal manufacturing industry in 1953 is reported to be much below installed capacity, notwithstanding gains made over the 1952 figures in some cases. The problem of surplus capacity was, therefore, more serious in this sector of industry. Low production is attributed to reduced demand, competition from ordnance factories and inadequate raw ore. It is hoped that the factories that have been experiencing slump conditions will once again be restored to a reasonable level of operations.

* * * * * * *

Pakistan Development Corporation to Start Ginning Factories: Four of the seven ginning factories sponsored by the Pakistan Industrial Development Corporation will start operation before the cotton ginning season begins in West Pakistan this year. Machinery, for which orders have already been placed, is expected to be received by August and will be installed in another couple of months. The main object of the P.I.D.C. in setting up these factories is to demonstrate modern and better methods of cotton ginning which will go a long way in improving the quality of cotton. Of the four factories under construction at present, three are in Sind and one in the Punjab.

* * * * * * *

Belief that Industry can Develop Peaceful Atom Usage: The Chairman of the U.S. Atomic Energy Commission expressed the hope that an industry to develop peaceful atomic uses would be developed within the United States as soon as possible. He stated that some subsidy through government funds might be necessary in the development stage. Sixty-five private companies are reported to be working on the development of atomic furnaces to produce electric power from atomic energy in the United States. According to the Commission, American business companies are interested in providing technical aid to other nations in developing atomic energy which will be particularly valuable to nations lacking coal and oil supplies. It cited Italy, Portugal, Greece, Algeria, Ceylon and Pakistan as such nations.

* * * * * * *

Orissa's Mining Industry Faces Crisis: It is reported that the mineral mining industry in Orissa is facing a crisis as 25 out of 35 mines in the State have practically ceased to work. The slump in prices is due to a decline in exports and the transport bottleneck has aggravated the situation to a great extent. Due to the

non-availability of wagons, 6,00,000 tons of manganese ore, 3,00,000 tons of ordinary grade iron ore, 1,50,000 tons of high grade iron ore, 45,000 tons of chemical grade chrome and large quantities of other minerals are reported to be lying for transhipment at different mines and railway stations of the State.

* * * * * * *

Rayon Holding Its Own: Despite the introduction of other synthetic textiles, rayon continues to stand well out above the rest in Britain. It is now being produced at the record rate of 40,000,000 pounds a month. Even the production of nylon and terylene combined is less than 5 per cent of the current output of rayon. Immediately before the war, about 13 per cent of the fabrics woven in Lancashire were either all rayon or combined with some other material. Now the proportion is up to 33 per cent. Over the same period, output of rayon in both its forms, continuous filament and staple fibre, has risen from 180,000,000 pounds a year to the current annual rate of 480,000,000 pounds.

* * * * * * *

Canadian Plans for Atomic Power: The Canadian Minister of Trade recently disclosed that Canadian scientists believe that they can build an atomic power station to produce electricity at a cost comparable with that of current generated by a coal-driven steam plant. Atomic power sations would help Canada develop the power capacity of 40 million kilowatts needed by 1979. The amount of hydro-electric power which would be developed before then would by itself fall short of the target by 10 million kilowatts.

AGRICULTURE

Natural and Synthetic Rubber Production: The Rubber Study Group in a statement says that the world's natural rubber output in April was 132,500 tons, with a total consumption of 152,500 tons. This latter figure includes the Chinese imports of 15,500 tons. The total amount of natural rubber produced in the first four months of this year was 550,000 tons and the consumption rate for the same period amounted to 562,500 tons. According to the Group, the world's stock of natural rubber on April 30 totalled 827,500 tons, making the world output of 245,000 tons for the first four months of the year.

* * * * * * *

Resettlement of Agricultural Workers: The Union Agriculture Ministry has suggested that landless agricultural labourers who are estimated to total 7,500,000, be settled on available cultivable land, in its absence, on reclaimed cultivable land. In view of their poor economic condition, cultivation on these lands has been suggested on a co-operative basis. According to a survey made in 1951, cultivable waste land available in the country totalled 52,068,000 acres. The Central Tractor Organisation and various State Governments have since then reclaimed 1,008,837 acres and 1,832,496 acres respectively. The reclamation target during the next season (October-May) is about 800,000 acres.

* * * * * * *

Co-operatives as a Force in U.S. Agriculture: U.S. Co-operatives serve single or family-ownership enterprises comprising more than 97 per cent of U.S. farm units. They range in membership from 10 or 12 farmers or farm families to groups that include hunreds of thousands. During 1953 there were 61,225 farm co-operatives in the United States. Of these, 13,380 were concerned with production, 9,977 with marketing and purchasing, 2,206 with financing farm operations, 1,800 with insurance, 33,811 with public services and 51 with rural health. Total membership of farmers and farm families in these organisations was nearly 20,000,000. Some co-operatives set up huge plants, maintain great staffs and spread their operations over many states or the entire nation.

Record Year for Afforestation in U.K.: The report of the U.K. Forest Commissioners for the year ended September 30, 1953, states that 118 million trees were planted by the Forestry Commission to form new plantations or to replace failures in recently planted areas. The area planted was 67,610 acres, almost 6,000 acres more than in the previous year. The Commissioners suggest more plantings. Twenty-six new forests were started, taking a toll of 280,000 rabbits and hares and 3,500 foxes and cubs. About 18,000 acres were planted by private owners—an increase of 3,000 acres. The year's timber produce was 12 million cubic feet less than in the previous year, and sales of standing timber to the trade decreased by 1.1 million cubic feet. On the other hand, there were more than 3.25 million cubic feet of mining timber, an increase of .5 million cubic feet.

* * * * * * *

Report of International Federation of Agricultural Producers: The report adopted at the recently concluded meeting of the International Federation of Agricultural Producers expressed concern at the effect of the disposal of agricultural surpluses both in the surplus and deficit areas. The danger is that Government-held stocks might be dumped on the world market, though this fear is not entirely warranted. American agriculture could not be expected to bear the brunt of the readjustments of world agriculture from war-time and immediate post-war patterns. Readjustments would be required both in the surplus producing and importing countries. The Federation considers the remedy of the present unbalance between world capacity to produce and consume even more important than the current problem of the disposal of surpluses.

MISCELLANEOUS

World Beer Consumption: The official organ of the Brewers' Society, the 'Brewing Trade Review' reports that the U.K. has slipped back from first to fourth place with consumption per head of 18.4 gallons. Belgium was first in 1953 with 30.8 gallons, followed by Australia with 21.9 gallons and Luxumbourg with 21.6 gallons. Canada comes fifth with 15.4 gallons; Western Germany comes next with 12.5 gallons. World beer consumption in 1953 was 6,158 million gallons—165 million gallons more than in 1952, and the highest for many years.

* * * * * * *

Oil Replacing Coal in Canada: Coal consumption is dropping sharply in Canada largely because of the increasing use of oil as a fuel. In 1949-50, the country's overall consumption of bituminous coal was 40,875,000 tons. By last year it was down to 35,613,000 tons. In 1949-50, users of anthracite took 4,046,000 tons. By 1953-54 demand was down to 2,820,000 tons. Between 1949-50 and 1953-54, the consumption of bituminous coal in railway locomotives dropped from 11,564,000 tons to 8,287,000 tons. Much of the fall was due to the railways switching over to diesel engines.

* * * * * * *

Co-operatives in Sweden have 833 Self-Service Stores: The total turnover of the 684 societies affiliated to the Swedish Co-operative Union and Wholesale Society (KF) last year increased by Kr. 127,000,000 to Kr. 2,367,000,000 ($460,000,000) according to the annual report of KF just published. The number of co-operative self-service stores totalled 833 at the end of 1953, 251 having been opened during the year. In all, KF has about 8,200 sales outlets. The staff of the societies increased by over 400 to 37,700. The gross surplus went up from Kr. 387,000,000 to Kr. 410,000,000 and the net surplus from Kr. 69,500,000 to Kr. 79,300,000. Assets and liabilities balanced at Kr. 804,000,000, as compared with Kr. 828,000,000 at the end of 1952.

NEWS IN BRIEF

INDIAN

The next meeting of the Universal Postal Sub-Commission, appointed to draft a telegraph code for the International Postal Service, will be held in New Delhi some time in October. The Sub-Commission appointed by the Universal Postal Union consists of representatives of India, Pakistan, Syria and Japan.

* * * * * * *

According to information released by the Government of India's Press Information Bureau, the community project and national extension programmes are reaching 1 out of every 8 villagers.

* * * * * * *

The 140 irrigation and 100 power schemes of various States, included in India's First Five-Year Plan, are officially estimated to cost about Rs. 765 crores.

* * * * * * *

The Government of India have sanctioned Rs. 11,84,70,000 for the electrification of the railway line between Howrah and Burdwan in West Bengal. Economy on coal consumption and movement of goods traffic will be facilitated. The D.V.C. will supply the electric power.

* * * * * * *

Supplemented by Co-operative Banks, the Kashmir Government will distribute interest-free and low-interest loans to peasants in an ambitious plan of rural financing. Repayment is to be in kind to prevent underselling and towards co-operative marketing. The Government will purchase 10,000 shares of the proposed Apex Bank.

* * * * * * *

The Government of India have approved the programme to manufacture the four-wheel jeep class of vehicle, submitted by Messrs. Mahindra and Mahindra Ltd., in collaboration with Willys Overland Corp. The firm will manufacture within 3 years, 69 per cent by value of the components.

* * * * * * *

The Union Government is examining prospects of establishing an aero engine factory on the basis of a report submitted to it by a team of Rolls Royce Company's technical experts. It is believed a special type of jet engine could be manufactured in the country.

* * * * * * *

The Government of India has decided not to recover certain sums advanced as loans to displaced persons from West Pakistan who have no verified claims under the Displaced Persons (Claims) Act, 1950. The loans coming under this category are: Rs. 300 or less given under the small urban loan scheme for business, trade or industry and all loans for education (other than for education abroad).

* * * * * * *

Mysore State is to be included in the free wheat zone comprising the States of Bombay (excluding Bombay city), Madhya Pradesh, Madhya Bharat, Rajasthan and Bhopal, enabling free movement of wheat within the zone.

* * * * * * *

The Government of India have decided to reduce the price of imported wheat supplied to flour mills for the manufacture of fines from Rs. 18-1 to Rs. 15-6 per maund with effect from June 14, 1954.

* * * * * * *

The Government of India have sanctioned further grants and loans to U.P., Saurashtra, Madhya Pradesh, Travancore-Cochin, Madhya Bharat, Ajmer and PEPSU State Governments for the development of handloom industry. In all, the Government of India have sanctioned Rs. 17,95,284 as grants and loans up to May 31, 1954.

FOREIGN

East Berlin Radio recently announced price cuts on many consumer goods such as shoes, clothes and pottery. These price cuts were to have been brought into operation with immediate effect.

* * * * * * *

Mr. Harold Stassen, Director of Foreign Operations U.S., recently stated that the Administration plans to use $1,000 million worth U.S. agricultural surpluses as part of its foreign aid programme. It is proposed that it form part of the new $3,500 million Foreign Aid Authorization Bill.

* * * * * * *

Afghanistan is to receive approximately 10,000 tons of Pakistan cement, and has secured a plot of land in Karachi for the storage of commodities in transit through Pakistan to Afghanistan.

* * * * * * *

Moscow Radio recently announced the flotation of a 16,000 million roubles State loan (£1,454,454,545, official exchange rate 11.20 roubles = £1). A decree issued by the Council of Ministers stated the loan is for 20 years at 3 per cent interest, and will be used to develop the national economy under the Five-Year Plan.

* * * * * * *

Fifty 100-acre seed multiplication and demonstration farms, at a total cost of Rs. 175 lakhs, are being set up in East Pakistan. Each farm is expected to produce annually 42,000 maunds of seed, to be made available to cultivators at the lowest possible cost.

* * * * * * *

The Argentine Government recently issued a decree increasing salaries and wages of all persons employed by the State, a measure that is expected to benefit approximately 500,000 persons.

* * * * * * *

An intensive search for minerals including uranium is going on over 12,000 square miles of Northern Rhodesia. Three large mining concerns—Rio Tinto, Tanganyika Concessions and Zambesia Exploring—are interested in the undertaking.

* * * * * * *

The Japanese Upper House recently passed two bills, designed to give Japan her own Army, Navy and Air Force within eight years. The bills, already approved by the Lower House were unanimously passed. It was resolved that defence units should not be sent overseas.

* * * * * * *

An official estimate puts the value of orders placed by the Soviet Government with U.K. firms in the last 12 months at £40 million. About 50 per cent of these orders can be met without infringing existing security controls.

* * * * * * *

According to official estimates a total of £190 million was invested in Egypt during the year 1953. The figures for 1952 and 1951 are £183 million and £170 million respectively.

* * * * * * *

Some tobacco producing areas in Indonesia have been provided with credits totalling 15 million rupiahs by the Bank of Indonesia and the Industrial State Bank. Tobacco though planted by independent firms will be sold by a credit foundation.

* * * * * * *

Pakistan is to serve on the five-nation observation commission to be appointed under United Nations auspices as proposed by Thailand "to watch for signs of war" on the Thai-Indo-China border. Other nations proposed by Thailand to serve on the Commission were New Zealand, India, Sweden and Uruguay.

There goes the Frontier Mail !



There goes the signal. And slowly many hundreds of tons of freight and food, people and post, move off into the Indian country-side. To keep her lines of communication open, India is spending about two annas of every Five-Year-Plan rupee on the railway system—the largest in Asia. And that amount is for rehabilitation of existing tracks and rolling stock only—more money will be found for the expansion of the railway system which will be necessary to meet the demands of the increased industrial activity.

The railways of India haul more tons of oil more miles than all other forms of transportation put together, and make it possible for the oil industry to transport their products across the vast distances of the country. We, in turn, supply Indian Railways with a great many petroleum products essential for their operation, such as lubricants, cutting, furnace, diesel and quenching oils, kerosine and also petrol for their motor transport.



BURMAH-SHELL ... IN INDIA'S LIFE AND PART OF IT

A Window On The World

KARL MARX AND I

BY

ODYSSEUS

KARL MARX AND I AGREE that the constant "revolutionising of the means of production" is an absolute necessity for the continued existence of the Capitalist system. Without change and growth, there can be no profitable net new investment, and, as Professor D. M. Wright insists, without profitable net new investment a Capitalism whose structure and savings habits are geared for growth would be forced into unemployment and insecurity which might end in bloodshed.

But where Karl and I part company is that he considered that the "revolutionising of the means of production" was intended to keep the worker's living down to subsistence level. The facts, however, are on my side. For example, in the U.S.A., the arch-Capitalist country, the workers have on average absorbed a little over 65 per cent of the national income for as many years back as records exist. Far from keeping U.S. workers down to subsistence level, real wages have risen. While the share of U.S. workers has remained around 65 per cent, the national income has risen many times over, so that the workers have been getting 65 per cent of a bigger and bigger whole.

It was Marx's famous theory of labour value that misled him and all his followers after him.

Now, if a changeless society could exist, it is possible that the relative values of most goods and services would approximate to the "socially desirable" labour-time embodied in them. But in a changing, expanding society, the value of goods and services does not correspond to the labour-time spent on them. Gold, for example, costs more than rice because, relatively to the quantity demanded, it is more difficult to produce than is rice. If the world's total demand for gold could be satisfied with no more difficulty than the world's total demand for rice, the price of gold would fall to the price of rice. Equally, if all nations agreed that they no longer needed gold as a means of international barter, and demand for gold was thus limited to its industrial uses, its price would fall. The amount of labour required to mine the gold in these various cases would not vary so much, but the value of the gold mined would vary enormously, because the selling price of gold includes interest and profits besides the cost of wages.

"Haha!" triumphs the Marxist. "Interest! Profits! You admit openly these useless payments made to the exploiting classes for no services rendered!"

What is interest and who gets it? Those who refrain from spending on current consumption all the money that they earn are refraining from using the services of X numbers of men and resources which can thus be used to initiate new ventures. Entrepreneurs who borrow these savings are giving employment to men released from satisfying current consumer wants. But if every entrepreneur could borrow without difficulty all the funds he wanted, we should have haphazard expansion. In reality, at any one moment, there are always more entrepreneurs with new ideas for ways of adding to their profits than there are savings available for them to borrow. The rate of interest rations the savings available and enables each entrepreneur to calculate whether his particular venture is likely to be sufficiently demanded to make it worth his while to borrow at current rates. To the saver, interest is payment for risk-taking, and it is also, in the long run, an incentive to saving. Where is the exploitation in all this?

HOWLS OF INDIGNATION

By contrast, in a totalitarian system, the state, by rationing consumer goods, by enforcing hours of work (or even slave labour) and, if necessary, by depressing the worker's real wages by inflation, can force everyone to save without any return at all. Is there no exploitation in that? If a Capitalist country treated its workers like that, what howls of indignation would rise from Radio Moscow! Curiously enough, interest is paid to savers in the U.S.S.R. and state enterprises are expected to show—profits! I will not stop to justify profits because we have covered that ground amply in past weeks.

Thus, to resume the main argument, production costs include wages, interest, and profits, none of which form a constant percentage of all commodities. The cost of one commodity may include a large proportion of wages, of another less wages and more interest or profits. And some commodities, such as a picture by Michael Angelo, which may sell for a lakh of rupees, have a scarcity value. Thus, we see that the relative time spent by labour in production is an unreliable guide to the selling price of a commodity.

Marx was realist enough to know that no amount of labour spent in writing a book that nobody wanted to read, or in making a cake so hard that people broke their teeth on it, would confer value on the book or the cake. He got round this by saying that labour had to be "socially desirable". But neither he nor anyone else has ever explained how a Socialist decides what is or is not "socially desirable". This presents no difficulty to you or me who ask, before undertaking to work, whether we are likely to make a profit out of our labours. But having eliminated the profit motive (and all that that implies), Marx had to invent the measuring unit of an hour's "common labour". If a common labourer gets Re. 1 a day and an engineer Rs. 10 a day, then the engineer's pay equals ten "basic hours". By this formula Marx explained differences in wages by saying that the engineer's work embodied so many more basic hours of the labour spent on the expensive education that was given him.

But this may or may not be true. It depends on the facts of each given case. A man who has received an expensive training in internal combustion engines will find his earnings sinking to zero when jet propulsion is applied to automobiles. If a static society were possible, perhaps wage differences would be based on the different costs of training of different vocations, but not in a dynamic growing society.

THE ECONOMIC VALUE OF TWINKLING EYES

There are, moreover, some kinds of labour whose value can never be accounted for by costs. Take cinema actresses: Whereas Meena and Leelamini may both

have the same education, and both may work exactly the same labour-time, one gets a lakh of rupees for each of her films because she has a twinkle in her eyes of which the public never tire, while the other gets Rs. 200 because she hasn't. The public love Meena; they are not even conscious of Leelamini's existence. Why is this? Leelamini hasn't a clue. Nor has Karl Marx.

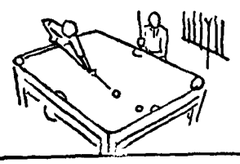
If Karl Marx's theory that the selling price of a commodity is determined by the amount of labour that went to produce it were true, every Capitalist entrepreneur would become a fervent Marxist, because a world in which selling prices could be so accurately forecast would be a business man's paradise. He could never make a mistake. He could never lose any money by being left with unsaleable stock on his hands. He could never miscalculate the productivity of his labour and find that he had to charge much more than he expected for a new product.

I now summarise the Marxist objection to profits from Dr. P. Sweezy's "Socialism" (McGraw Hill): "We assume that the capitalist buys labour power" (i.e. the use of the worker's labour for a given time) "at its value, that is to say, pays the worker a wage equal to the worker's means of subsistence. Let us say, for the sake of illustration, that after production has proceeded for six hours the worker has produced enough value to cover his wages....If he works ten hours, then in the last four hours the worker continues to add value over and above his wages, and it is this which constitutes the surplus value in which the capitalist is interested."

But how was the labourer able to earn his "subsistence" in only six hours? In many primitive societies, he might have to work 12 or 14 hours just to keep alive. If it is true that the worker can "subsist" on six hours of his work, this amount is equivalent to his standard of living, and in Capitalist countries the worker's standard of living has been rising since the inception of the Free Enterprise regime. Where Socialist regimes have since been installed the worker's "means of subsistence" have not been rising at anything like the same pace. Most Soviet workers in 1954 would exchange their standard of living for the "subsistence" level at which Britain and America keep their workers. The contemporary level of U.S. and British real wages has no relation to any "bare minimum" level. Professor P. A. Samuelson in his "Economics" (McGraw Hill, 1948) calculated that in the U.S.A. Rs. 260 a year would cover minimum food expenses just to keep alive, and allowing for clothes, heat, and a roof, you could "subsist" on Rs. 1,365 a year. I don't know what wages are in the U.S.A. today but when I was there, the lowest grade of typist in my office was paid around Rs. 8,200 a year, i.e., her standard of living was six times higher than the bare minimum. Why? Not because the U.S. worker is more skilful than others but because he is working with high grade machinery and buildings without which his standards would be those of the tribal aborigines who greeted the first Europeans to land in America.

The tools that raise the industrial and the clerical workers' productivity are not "merely" the products of the manual labour embodied in them but are also the products of the refraining-from-consumption of those who, by thus saving, freed men from working to supply their immediate needs in order to work to supply future equipment. These tools are also the product of those who were ready to risk their savings in untried ventures. Nobody who saw the inventor's original clumsy model of the typewriter could have known that within half a century neat little portables would be sold by the million. They are because someone was willing to stake his savings on the bet that one day they would. In addition, some part of Dr. Sweezy's four surplus hours would go towards depreciation and replacements of tools and buildings.

The final disagreement between Karl and I is that whereas I say that some profits are not justifiable any more than it is true that every worker gives of his conscientious best, he says that no profits are justifiable and that by definition every worker is worth whatever he is paid, or preferably more.

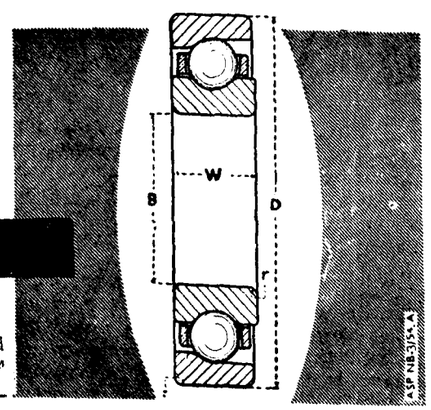


SMOOTH RUNNING WITH

NBC

BEARINGS

In the **Angular Contact Bearing** (bottom right), a line through the points of contact lies at an angle to the shaft, enabling the bearing to carry a high proportion of thrust load. The outer race is not detachable and can therefore be handled as a unit. They are made to the same overall dimensions as standard ball journals, generally used in pairs, and sometimes preloaded as in so many modern applications. They are made usually in light and medium series.



NBC - *SECOND TO NONE*

NATIONAL BEARING CO. LTD.,
Jaipur, Rajasthan.

Bombay Office: 26, Calicut Street, Ballard Estate, Fort. **Telephone:** 2048

SPECIAL ARTICLES:

CRISIS IN CASHEWNUTS

INDIA'S cashewnut industry has been comparatively neglected. It is actually and potentially an important dollar-earner. But the crisis through which the industry has recently passed has been almost unnoticed. The fact that processed kernels have been freely available because of record imports from East Africa last year may explain in part this lack of interest. Exports, both to the United States and other countries, have moreover been maintained at reasonably high levels in spite of the closure of many factories. The importance of the industry, however, is such that little satisfaction can be derived from these facts. Its organisation can no longer be neglected.

So far only two or three scheduled banks have been interested in this highly localised industry. It would be unfortunate if recent official interest—evident in the publication of the report of the Spices Enquiry Committee and more recently of the Labour Bureau's investigation report—were to mean merely a strict enforcement of labour legislation in the future, unaccompanied by a plan for development.

Fortunately, at the present time, the crisis, in so far as it relates to the purchase of raw materials, has more or less ended. The local crop season has just come to an end. The idea of pooling the purchase of raw materials made some headway during this season, and the heavy imports of raw nuts in 1953 will ease the position for some time; and a new import policy has recently been announced. Cashewnut kernel has now been taken off O.G.L. XXXII and the imports have been divided between established importers and actual users.

These are essentially half-measures, however, which will not enable the industry to make the most of its present opportunities. Cashewnut processing is a small-scale industry, which has grown almost unnoticed in the last generation; and its disorganised state at present cannot easily be reconciled with the ambition of building it with an eye to the American and European markets.

The backwardness is evident in several ways. For at least three months, in the first place, namely, September to November, many processing factories remain closed even normally, in the absence of a crisis such as has arisen this year. A substantial part of the local raw nut production fails moreover to reach the processing units. The plant is a hardy one, growing on low hilly ranges which are too dry for other crops; but yet its extension during the last fifty years or so has compared most unfavourably with the spread of groundnut. The yields of the Indian trees are also far lower than the 100 pounds per annum, which is believed to be scientifically possible. The employment in the industry is very largely seasonal. Actual users, contrary to the now well-established government policy, have been left out of the import trade till recently, and are only now being brought into this business; and the labour and packing conditions finally, as has been noticed in the two recent reports, leave considerable scope for improvement. Unless all these shortcomings can be remedied the processing of cashewnuts will remain a precarious industry, depending on the export policies of the East African growers' associations, and on the rate at which processing is undertaken by these associations. Although the Indian processing industry has made phenomenal progress in exports since 1925 it cannot be assumed that the conditions which made this expansion possible will still continue, once the East African producers organise themselves.

Not all the defects noticed above are likely to be remedied as a result of the expenditure of Rs. 25 lakhs which has been proposed by the Spices Enquiry Committee. There is clearly the danger that devoting some attention to this industry after all these years, we may try to do too much with too little, and may be spreading the jam too thin. It is desirable, therefore, that development should concentrate on a few important and attainable targets. These targets should be as follows:

The Labour Bureau's investigation establishes the facts that labour in the industry is mostly temporary, that turn-over and absenteeism are high, and that the standard of factory lay-out and amenities can be considerably improved. The lack of any assurance regarding raw material supplies on the one hand and export possibilities on the other is a hindrance to improvement at present. But if forward planning of some kind is now undertaken, it should be possible for the Southern India Cashewnut Manufacturers Organisation to play a notable part. It can revise its standing orders, extend its membership, and improve the manufacturing processes (the shelling machine which has been invented by the General Food Corporation of America, for example, be brought into wider use). Improved factory lay-out and methods of production should soon result in an improvement in the packing of cases for export and in the quality of the nuts.

The proposed ten-year plan to make India self-sufficient in the raw material should, of course, claim a great deal of the concerned government's attention. Cashewnut is to be introduced in Assam, according to existing plans, in the Khasi and Jaintia, Naga, Garo, Mikir, and Lushai Hill districts. Systematic exploration of possibilities on the western and eastern coasts of South India and of the Malnad area should, however, be also made. Self-sufficiency should be easy, as the nut can be grown along with other fruits; the ten-year period should, if possible, be reduced.

The pooling arrangement, which was considered this year for the purposes of averaging out the prices of raw material and breaking sellers' monopolies, deserves at this stage to be established in some permanent form.

Intensive cultivation with a view to increasing the yield, which ranges from 20 to 40 pounds per tree per annum at present, is another much-neglected problem. It is generally agreed that the research which has been undertaken at present is hardly of any great use; nor is there any organisation to inspect and enforce measures for the eradication of stored product pests—Dr. Waters' work on this subject being a matter of purely academic interest at present.

And finally, as is inevitable in the progress of any industry, the processing firms must set out to extend the internal market for cashewnuts, so that their turnover may be increased and their financial position strengthened.

What form the administrative organisation, which will have to implement the suggested ten-year plan, is going to take remains to be seen. Fortunately, however, everything need not depend on this organisation. The processing of cashewnuts is now very highly localised, and this should make improvement easy. Because of scheduled bank advances to the processing industry the business is also to some extent under the control of a few leading banks, who can exert a beneficial influence. The extension of raw nut cultivation presents at the same time very few difficulties because the crop can be grown on both laterite and sandy soils and under widely varying conditions of rainfall; and the shell oil and fruit can be used in many ways, the

industrial use of the shell-oil in particular being very varied.

For all these reasons, the problem of organising the cashewnut industry should prove to be relatively easy. With some intelligent central direction—which means very largely a plan for self-sufficiency in raw nuts and the improvement of processing methods—what is today a neglected minor business can be built up into a useful, modernised, and financially strong industry, with many times its present turn-over.

OPERATING COSTS OF BANKS

THE operation of the banking system in 1953 demonstrates that the growth of the system has not kept pace with the development in the major components of the national economy. The rise in industrial and agricultural production and in the level of business activity has not been accompanied by a rise in banking activity. On the other hand, the demand for bank credit saw a moderate fall. The advances of scheduled banks declined by Rs. 10 crores over the year as a whole. It is not so material to the role of the banking system in financing the requirements of the private sector that the investment portfolio of scheduled banks showed an improvement of Rs. 11 crores at the end of the last year above 1952. Over 86 per cent of the investments were accounted for by gilt-edged securities in keeping with the traditional pattern. But certainly the most disturbing trend in the working of the banking system in the recent past is the tendency of operating costs to shoot up out of all proportion to the gains in gross earnings, reducing in the final result the quantum of net profits. The disequilibrium between earnings and costs has become the dominant problem at the present time and unless this disequilibrium is corrected, it is difficult to see how banks can be enabled to discharge their larger functions in providing development finance.

One of the significant tendencies in bank operations is the reversal of the post-war trend towards contraction of deposits. The resources of banks are undergoing a modest expansion in deposits and this expansion was somewhat larger in 1953 than in 1952. The overall increase in net deposits of scheduled banks was of the order of Rs. 8.2 crores made up of an increase of Rs. 12.6 crores in time deposits minus a decrease of Rs. 4.4 crores in demand deposits. A closer analysis of the fluctuations in deposits at different levels is of vital importance as disclosing one of the major causes of the trouble spots relating to operating costs. Indian scheduled banks saw an expansion of Rs. 17.1 crores in their total deposits composed of an increase of Rs. 12.2 crores in time deposits and of Rs. 4.9 crores in demand deposits. The time deposits of exchange banks increased fractionally by Rs. 0.4 crores, whereas the decline in their demand deposits was as steep as Rs. 8.13 crores. The entire accretion of fresh deposits was claimed by Indian scheduled banks. The exchange banks, which had become keen bidders for deposits in this country by the offer of higher rates, following the increase in the Bank Rate in the U.K. in March, 1952, have retreated from the rivalry and now with two successive reductions in the British Bank Rate since September 1953, they will have little incentive to search for supplementary funds in India. As it is, the rise in their time deposits last year was negligible. Indian scheduled banks were the exclusive competitors to attract deposits of this description.

The competition among them for time deposits virtually degenerated into a scramble, leading to resort to the unhealthy and highly injurious practices of putting up rates and diverting demand deposits in substantial amounts in the anxiety to augment their working resources. The rates offered for the latter rose sharply to as much as 3 per cent and, if due allowance is made for the cost of brokerage, the margin between the cost of deposits and bank rate was very nearly wiped out. Since interest charges on deposits constitute a most vital ingredient of total expenses second only to establishment expenses, firm and adequate action is imperative to curb this ruinous tendency and reduce its impact on overall operating costs. It calls for voluntary effort to keep deposit rates within rational proportions in relation to supply. It is happy to note, in this context, that the lead very recently taken by the larger Indian scheduled banks, in which the exchange banks also participated at a subsequent stage, under the guidance of the Reserve Bank, has almost succeeded in evolving a gentleman's agreement for regulation of interest on deposits. In broad outline, the agreement purports to put a ceiling on interest for time deposits, to pay no interest on current deposits as a normal convention and to discourage acceptance of call deposits. Negotiations in their culminating stage must ensure loyalty to the agreement and on this score the exemption which is intended to be granted to medium and small banks is calculated to secure this final objective. A substantial saving in a component, which is responsible for about one-third of the aggregate expenses, will be a positive gain.

The alarming proportion which the rapid increase in establishment expenses (accounting for about two-thirds of the total expenses) is now hardly a matter of dispute. In 1952, they absorbed about 51 per cent of gross profits and the effect of the Appellate Tribunal's Award will inevitably be to raise them further by anything like 17 per cent in the current year as compared to 1952. The recognition of the need to modify the impact of the award on banking establishment costs is implicit in the extension of the statutory time limit by three months that the Government has obtained by the promulgation of a special ordinance to declare its decision on it. Priority relief is clearly indicated for the expansion of branch offices in non-urban areas. Government's earnest intervention at the fag-end of the appellate proceedings on behalf of rural branches, though without success at that time, may be taken to indicate exemption of banking offices in centres with a population of 30,000 or less from the application of the award. The wider role which banks are being called upon to play in the execution of the development projects, specifically in the private sector, stands threatened to be deadlocked by the contraction of banking activity, which the appellate award must necessarily entail. The extension of time now secured to give ultimate shape to Government's decision on it will be profitably utilised, if accord between the two parties is obtained on essential modifications which seem clearly dictated by the reality of the situation.

In its positive aspect, the problem of operating costs requires effective handling by ensuring the economies of large-scale operation. In fact, this issue of broadening the base of banking activity is fundamental to the adequate participation by banks in supplying finance for the development plan. An orientation of policy in this regard is now necessary, if the paradox of lower banking activity in a period of rising economic activity is to be removed. During January-May 1953, bank advances rose by only Rs. 60 crores, but the fall in the slack season was of the order of Rs. 70 crores, leading to an overall decline of Rs. 10 crores. With the advent of the 1953-54 busy season, the rise in the advances in December last was lower by Rs. 9 crores at Rs. 476.6 crores relatively to December 1952. A new emphasis needs to be given to industrial advances of banks and a cautious departure from the traditional policy of conservatism in the matter of investment in industry on a limited scale are now required. The small prospect of any spectacular increase in the demand of commercial requirements for bank credit underlines the change in policy. This view of added emphasis on participation in industrial finance has been endorsed by the Shroff Committee and in so far as accommodation for industry is concerned, it should be feasible for the Reserve Bank to accept the Committee's recommendations for liberalising the types of securities acceptable against its advances to banks. Shares in the Industrial Finance Corporation of India and in the State Financial Corporations as also loan bonds of State transport organisations with Government guarantee, which constitute trustee securities, ought in practice to be readily accepted for advances by the Reserve Bank.

The Reserve Bank's assistance is indicated in still another vital direction to enlarge the area of bank's lending operations. Despite a marginal decline in the cash ratio of banks to 9.2 in 1953 and a fractional decrease in the excess of their balances with the Reserve Bank above the statutory limit, their overall liquidity ratio has tended to remain high. Borrowing facilities from the Reserve Bank must now be increased and this can be done, in the immediate context, by a liberalisation of the bill market scheme. The eligibility limit ought to be lowered to deposit holding of Rs. 1 crore to admit a larger number of banks to take benefit of the scheme. The minimum requirements for bills for rediscounting also necessitate a downward revision to Rs. 50,000 for individual bills and Rs. 10 lakhs for their cumulative tender. Government's decision on these and other major suggestions of the Shroff Committee cannot be delayed, if the expansion of banking activity is to be energetically stimulated.

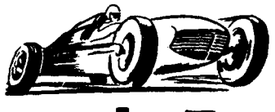
Firestone TYRES
WIN AGAIN!!

31 Consecutive Victories at Indianapolis!!

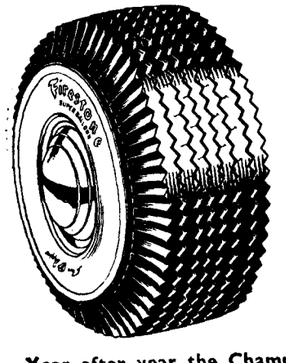




Bill Vukovich WINS 1954 RACE at 130.84 M.P.H. on Firestone Tyres



Choose the Tyre of Champions



Firestone

Champion race drivers DEMAND, BUY and USE the SAFEST tyre made! That's why Firestone Tyres have been on the winning cars at Indianapolis, now, for 31 consecutive races. Authorities say that 500 miles of driving in this world-famed event are equal to 50,000 miles of ordinary driving—5 years of average service crowded into approximately 4 hours. Race drivers buy Firestones for safety—you too can have the safest, longest wearing tyres made—buy Firestones today.

Year after year the Champions choose Firestone—The only tyres made that are Safety-Proved on the Speedway for your protection on the Highway.

THE BUSINESS WORLD

THE FUTURE OF THE WORKING TIME AGREEMENT

The stock position of the I.J.M.A. mills as at the end of May 1954 shows that the current interest in the future of the working time agreement in the jute manufacturing industry is not entirely academic. The table below compares the official figures for the last few months.

STOCK POSITION OF THE I.J.M.A. MILLS

(In thousands of tons)

	May 1953	December 1953	May 1954
Hessian	48.0	24.2	34.9
Sacking	89.2	72.8	50.0
Others	1.9	1.6	1.6
TOTAL	139.1	98.6	86.5

These figures speak for themselves; the sacking position is particularly noteworthy and the pressure of unsold goods is not at any rate very heavy now—which is one explanation why some mills have been ready to reconsider the working time agreement.

But if the subject has been or has become ripe for reconsideration, the conflict of opinion, however, continues. Apart from the experience of December 1951 to March 1952, the industry has to reckon with the fact that the I.J.M.A. and the Gunny Trades' Association are on record as having expressed different views. Regulation of working hours in the jute industry is not, contrary to the popular impression, a post-second-world-war phenomenon. It goes back to 1886. In interfering with a voluntary agreement, which, if it does not offer the dazzling prospect that production will be increased, uneconomic units will be eliminated, and costs will be brought down, assures the industry that the future will be stable at any rate, at about the present level of production and income, there is understandably some reluctance on the part of I.J.M.A.

In concrete terms, the alternatives presented are the adventure of free competition and the best to win and security for the present and immediate future. The school of thought which is in favour of continuing the present working time agreement beyond the end of the year argues in effect as follows:

(i) as long as labour policies are what they are, and the future prospects in the jute industry are uncertain, there will be no incentive to employ additional labour in order to profit from the new freedom from the working time agreement,

(ii) at the same time, although competition will not be very great, it may be appreciable enough to make some mills go out of production thus disorganising the industry.

Those who are against the present agreement might answer this as follows:

(i) there is a surplus in the labour force, estimated at about ten per cent already. This and the unsealing of the looms might provide ample scope for the efficient and enterprising mills to increase their production and cheapen costs,

(ii) rationalisation will be burdensome unless production can be extended,

(iii) beyond the present and the immediate future, the long-term prospect of the Indian mills tied to the present agreement must be taken into account. This prospect is that Indian mills, producing a fixed quantity, in conditions which do not allow for varying costs downward or for modernisation at a sufficiently rapid rate, may just lose the world market more and more to outsiders, meaning particularly Pakistan, who are not so hampered.

These are the pros and cons, which the industry and the Government alike have now got the responsibility of sifting and considering; and whichever set of arguments proves to be acceptable—whether the working time agreement stays or goes—the responsibility involved in the decision is, it will be seen, considerable.

That responsibility can only be escaped if the industry makes up its mind to deal with the situation in a revision of the agreement which would whittle it down in easy stages. This revision may be possible along the following lines:

(i) the sealing and the restriction on hours may be reduced in instalments over a period,

(ii) freedom from the agreement may be linked with the progress of modernisation,

(iii) uneconomic mills may be transferred—Assam has been wanting a local jute mill—or allowed to close down in accordance with a plan. This last method will call for invidious distinctions, but if it means the recognition of an existing position, perhaps the invidiousness may not be very real after all.

The question which the industry has to consider is, as has been stated already, one of very grave importance. This is an occasion on which the mere continuance of the status quo does not help. On the other hand, the unique feature of the working time agreement, whatever its merits, is that it is voluntary. If it can be proved that this voluntary agreement can be revised in easy stages and if arrangements can be devised within the industry for helping the uneconomic mills during a period of transition during which they can decide whether to continue or to close down—above all if labour policy is realistic—the jute industry will still be able to release itself from the deadening effects of regulation. A common measure of agreement as to the future course of action will, however, be necessary.

BUSINESS AND EMPLOYMENT

By

CROESUS

It was only after listening to a full hour's Press conference of Mr. B. M. Birla, President of the Federation of Indian Chambers of Commerce and Industry at the Indian Merchants' Chamber Hall here on Tuesday, that some of my journalist-friends confessed to me after the conference, that they felt convinced that it was only the business men who could really solve the growing unemployment problem and not the Government as they had believed until then. Well, I don't blame my friends for this late discovery. For how many really know even now that the total number the Government of India and all the State Governments, including even the prospective ones, can employ can hardly run into half a crore? Else they would not be looking all the time to the Government to help them with jobs. As against this, Mr. Birla revealed, business men all over the country employed about six crores of people directly and at least another four crores indirectly via the channel of the directly employed. In other words, next to agriculture, it is business—trade and industry—that provides the largest employment to people in India. Do business men care for these? If one should judge from all the noise one hears about employees, they don't, but, according to the Federation Chief, business men not only care for them but take every care to care for them, not without some selfish interest though. He said: "Business men are shrewd enough to realise that what happens to this sector of the population, the next biggest to agriculture, is of vital importance to them. If the standard of living of these people goes up, the country's prosperity also goes up; if not, the country's prosperity will go down. Business men naturally want the former to happen, that is, more prosperity in the country so that they may thrive in their turn."

Dealing with the same problem, the Federation President observed at one stage that it would take generations for the Government to find the same volume of employment which it would take only years for business men to do. But to be able to do this, business men must be allowed a fairly free hand. They must not be cramped by all manner of controls and restrictions. The incidence of taxation must be less oppressive than it has been. The labour situation must be less complicated and confusing than now. And the transport bottleneck must disappear. Without further and marked expansion of the capacity of our Railways, Mr. Birla was afraid there would be considerable difficulty in moving all the goods which India will produce.

Many people may concede that more industrialisation is necessary because it alone can provide employment to a greater extent than the Government and that over a shorter period. But not all of them believe that there is really enough scope for industrialisation on such a large scale as to provide all the employment needed. Mr. Birla, however, does not share this pessimistic view. He gave at the I.M.C. Press conference a few facts and figures which are, indeed, noteworthy. Thus, he took the total annual value of the import trade of the country—about Rs. 400 crores—and claimed that it was the Federation's view that goods worth at least Rs. 300 crores (out of these Rs. 400 crores) could be easily manufactured in India. This, he said, had been brought to the attention of the authorities, as well as the Planning Commission, and added that the Planning Commission and the concerned Ministries had both agreed to examine the matter.

Let us assume that both the Government and the Planning Commission accept the feasibility of this proposition. Will the country then be able to proceed to industrialise and, if so, how? These are questions that cannot be answered without many qualifications, as Mr. Birla rightly pointed out. In the first place, it is not easy to find all the investment and capital needed. Although an outlay of Rs. 300 crores would mean additional employment to some 15 lakh people (assuming a wage of Rs. 2,000 per employee on an average) which would create more demand and hence greater production and that, in turn, more employment, it also means a capital investment of some Rs. 1,500 to Rs. 2,000 crores. This sum is not easy to raise, at any rate as we are situated today. We are not multiplying capital as fast as other countries have been doing, the rate of new investment being in the region of 5 to 7 per cent as against 10 to 20 per cent in other advanced countries. This handicap is perhaps inherent in an economy which is mainly agricultural. It is well known that whatever capital has been forthcoming so far has been mainly from the urban centres and not from the rural areas. Unfortunately, the urban areas are not finding it possible to invest to the same extent as before. While cost of living and expenditure have increased, opportunities for fresh employment have not, to a corresponding extent. This perhaps explains to some extent the rather interesting and intriguing phenomenon of a sharp drop in the standard of living of many people in the cities but only a slight decline, if not the maintenance of the some, of people in rural areas.

Now we are in a dilemma. Unless we industrialise on a very much larger scale than now, we cannot hope to raise the standard of living appreciably. According to the Planning Commission, it will take 27 years to double the present standard of living and, even according to a later claim of the Union Finance Minister, it will take at least 15 years. It is a very long period in either case. We must try and achieve it over a very much shorter period, and Mr. Birla feels we can do it. How? By getting over some difficulties, if we can. The first difficulty, as should be clear by now, is, of course, finance. We are indeed a funny folk. We don't ourselves have the money and we know this well enough too. Yet we are unable to make up our minds about receiving foreign aid, even when others are prepared to give it. Instead, we seem to be carried away by such slogans as nationalisation as an escape. What a fond hope it is that we can have all the money by nationalising private industry was shown by the Federation President who disclosed that the total dividend paid by all the companies amounted to only about Rs. 28 crores! Surely the resources of even all these companies put together which could give only this much by way of dividend would be commensurate with the colossal capital needs of the country. Hence we must be prepared to have foreign aid, foreign aid without any strings to be sure. The advanced countries of today—as for example, the U.S.A.—did not fight shy of foreign aid when the need was there. Has not Japan been doing her utmost even today to secure foreign aid?

Being assured of all the capital required is not enough, according to Mr. Birla. He says, if India has to industrialise rapidly, we must not be content to start a few consumer goods industries as we have been, in the main, doing so far. Partly because of the existence of foreign vested interests under an alien government, the field was not quite free for capital goods industry to be started. Today, on the contrary, it is possible to start these industries and it is imperative to do so in order to be able to make any headway as an industrialised country.

It is often said that Indian capital is shy, but the Federation President does not think so. He says people who have money certainly don't want to keep it idle; they want to multiply it. So it is not that Indian business men fought shy of investing, but they either did not have the money or the climate was not congenial for investment. However, according to Mr. Birla himself, these conditions have changed. After several years of stagnation, people have slowly begun to think

in terms of starting industries or expanding existing units. This pace is still not enough, in the opinion of Mr. Birla. Accordingly, he appealed, especially to business men in Bombay, to come forward more freely to start new ventures. In fact, he wanted everyone to try and do his best, adding that it was only that way that the country could register any impressive progress.

One more topical subject which Mr. Birla discussed at the Press conference was rationalisation. Mr. Birla feels that it is wrong to object to rationalisation on the score that it will lead to more unemployment. I feel he is perfectly right. For, although immediately some men may be rendered idle, eventually not only these, but several more will be able to get employment. Here is an extract in this behalf from a thought-provoking reference to the subject by Mr. C. B. Parikh, President of the I.M.C., in his address to the first quarterly general meeting of the Chamber for this year on Monday:

"It cannot be denied that a certain amount of temporary displacement of labour is inevitable under any scheme of rationalisation. But it is reasonable to expect, and our expectation is borne out by the experience of other advanced countries, that substantial growth in employment opportunities in an expanding economy would be able to absorb the labour force temporarily displaced by rationalisation. Moreover, it should not be lost sight of that efficient and competitive industries themselves create fresh demand and generate new subsidiary industries, thus eventually providing for more employment. Introduction of rationalisation schemes in other countries has resulted in the creation of better and more employment in the industry and has been recognised as a step forward in the constant search for a higher standard of living. It is admitted on all sides that in the special circumstances of our country, the pace of rationalisation has perforce to be gradual and discriminating. No one connected with industry wants to resort to any drastic or hasty measures of rationalisation. Apart from its effect on the level of employment, there are serious limitations on the financial capacity of industry to undertake such a venture. What we are all anxious about is that the industrial progress of the country should not be stemmed or thwarted by a short-sighted policy in respect of rationalisation. Any restriction or check on the natural growth of the industry would not only not achieve the object with which such restrictions are imposed but on the contrary would also result in aggravating the economic ills of the people."

The same sentiments were expressed by Mr. Birla also when he said: "We don't mean by rationalisation throwing people out of employment and their starvation or hunger march in the streets. Our idea is to raise the wages of workers and hence their standard of living. For this we must have higher wages and also higher 'per capita' output, and it is only through rationalisation that we can achieve it. The Report on Small Industries in India of the Ford Foundation International Planning Team has perhaps clinched the issue by what it has to say on this problem".

GOVERNMENT OF INDIA

15 YEAR ANNUITY CERTIFICATES

(Free of Indian Income-Tax)

Annuity Certificates securing a monthly payment of Rs. 25, Rs. 50, Rs. 100 and Rs. 200 respectively for a period of fifteen years will be available from the 1st July, 1954, until further notice at issue prices given below:

For monthly payment of Rs.	25	issue price of Annuity Certificate Rs.			3,500
—do—	„ 50	—do—		„	7,000
—do—	„ 100	—do—		„	14,000
—do—	„ 200	—do—		„	28,000

These Certificates will be available to **individuals** only and no applications will be entertained from or on behalf of institutions, firms or corporations.

The maximum amount that may be invested in the certificates will be

For an individual	.. ..	Rs. 28,000
For two individuals jointly	..	„ 56,000

Monthly payment will commence after expiry of one calendar month from the date of receipt of the purchase price. Such payment will be free of Indian income-tax and will not be taken into account in calculating the total income of the holder for the purpose of income-tax.

Annuity Certificates will be accepted for safe custody by Public Debt Offices and monthly payments remitted to the holders, if so desired.

Applications will be received at the offices of the Reserve Bank of India at Bombay, Calcutta, Delhi, Madras and Bangalore; branches of the Hyderabad State Bank in Hyderabad State; branches of the Bank of Mysore Ltd., at Mysore, Shimoga, Mandya, Chickmagalur, Chitaldurg, Tumkur and Hassan; branches of the Imperial Bank of India at other places in India and all treasuries and sub-treasuries in India at places where there is no branch of any of the above banks conducting Government Treasury business.

For full particulars apply to any of the above receiving offices.

BUSINESS NOTES

RATIONALISATION IN KANPUR TEXTILE INDUSTRY

Mr. Sampurnanand's spirited defence of the scheme of rationalisation evolved for textile mills in Kanpur, and now awaiting introduction, comes at a juncture, when trade union leadership in that area is mobilising workers against the acceptance of a scheme, which had been drawn up with the concurrence of workers' representatives, employers and the State Government. It is needless to enter into the merits of the controversy which has been created over the fact of agreement over the scheme and U.P.'s Labour Minister, who has never concealed his solicitude for workers, and has exerted his influence from the very start on employers to abandon the idea of retrenching the labour force as a means of cost reduction, has stated the real position with candid forthrightness and has also uttered a serious warning that any move on the part of the labour leadership to deadlock the scheme of rationalisation would only force the alternative of retrenchment on employers, for whom the need to eliminate the competitive disadvantage of their units in Kanpur has become imperative. The high cost structure of the industry at Kanpur, resulting from the stark realities of high labour cost, higher price for raw cotton, higher outlay on transport and locking up of considerable working capital in cotton stocks for relatively inordinate periods of time, have been the bane of the industry. Failing rationalisation, loss of jobs to about 20 per cent of the total labour force of about 45,000 cannot be prevented. Mr. Sampurnanand has posed a direct question to trade union workers whether they are prepared to accept full responsibility for this eventuality.

The scheme of rationalisation has been prepared by a committee appointed by the tripartite conference held at Naini Tal a few months back and it consisted of three representatives each of workers and employers with the Labour Commissioner as chairman. The agitation now being carried on against the plan for rationalisation is nothing short of an after-thought, as the tenor of Mr. Sampurnanand's Press conference of June 13 tends to show in clear terms. This opposition is quite un-understandable in view of the basic conditions which have been stipulated for the rationalisation plan. The first and the most vital condition is to prepare a scheme of rationalisation without tears, giving an unequivocal assurance against retrenchment of any part of the present labour force. Assurance is offered of higher wages for better performance beyond a definite minimum standard of efficiency and output. There is also the realistic proposal of pushing up incomes by a substantial margin, if the different aspects of rationalisation are faithfully implemented. The particulars of the plan are certainly interesting and they should pave the way for removing misapprehensions about rationalisation on similar lines elsewhere. These particulars, however, have not been released as yet. Mr. Sampurnanand's categorical assurance about absorption of surplus men in one sector into another and the feasibility of running the third shift in certain units must be accepted at its face value. In fact, the prospective higher demand for cloth has already caused a new emphasis to third shift working.

OUTLOOK FOR COFFEE

The review of recent trends in coffee prices and consumption made at last Friday's meeting of the India Coffee Board, comes to the conclusion that effective action to curb speculative activity was responsible for restoring reasonable price levels and releasing proper incentive for greater home consumption. The all-time peak of Rs. 325-15 per ton which was touched by Plantation A coffee in the pool auction in September 1952 gave an indication of the forces operating behind price fluctuation. The average pool auction price for Plantation A coffee during 1952 remained high at Rs. 251-11 per ton and it was late in December 1953 that it curved down to Rs. 199-1. In the first quarter of the current year it remained slightly higher at Rs. 202-14. The technique responsible for the downward movement of prices necessitated a change in the direction of decentralisation of distribution and local auctions at major consuming centres for retail dealers as well as generous allocations to co-operative societies and the Board's propaganda department considerably eased the tension. Offtake at the first two points has now declined, but the Union Commerce Minister's firm stand in the matter of exports and internal prices has now given an assurance that the price for the consumer's cup of coffee cannot any longer rise to unreasonable levels. The range of coffee powder prices between Rs. 2-4 and Rs. 2-12 per pound can now be depended upon to be stabilised.

One of the foremost issues before the Board at last week's meeting was the additional quantity to be exported, exclusive of 5,000 tons which have been sold for shipments. This is essentially related to the crop of the 1953-54 season. Revised estimates put it at 29,000 tons. The pool stock on 1st June last was of the order of 20,175 tons and on an assumption of a total quantity of 12,250 tons for internal releases in the coming seven months, at a monthly rate of 1,750 tons, a surplus of 7,925 tons emerges. The Board has recommended a fresh quota of 3,000 tons for export which is calculated to leave a balance of 4,925 tons in the pool for carry-over. The crop estimate for the 1954-55 season places the output at 22,000 tons and allowing for an appreciable increase in home consumption from the depressed 1953 level of 15,189 tons to at least the level of 1951 above 18,300, an additional export of the order of 3,000 tons as suggested would leave a fair margin to safeguard home requirements.

NON-FERROUS METALS INDUSTRY

Adequate availability of metals from overseas supplying countries has been an absolute basic condition of the proper functioning of the Indian non-ferrous metals industry and it is after a long period of relative shortages and lack of certainty that the industry has entered upon a phase of stability. No serious obstacles to imports of materials are envisaged in the near future and unless an unexpected turn in the international situation lends an abrupt emphasis to the building up of strategic stocks, this phase can be relied upon to last reasonably long. This is, therefore, the appropriate period when the industry has an opportunity to consolidate its position and plan for expansion. Government's present policy in respect of import of semi-manufactures which are put in the O.G.L., places all facilities at the service of the industry. A minor drawback in import policy for materials consists in removal of scrap from the free list. The industry's contention to the effect that issue of licences to established importers to the extent of 75 per cent of best year's imports of scraps falls short of real needs and ought to be revised by their reinclusion in the O.G.L. deserves attention and redress.

But the return of virtually normal conditions in the non-ferrous metals industry in foreign countries and the release of considerable installed capacity from the pressure of war and post-war defence requirements have posed fresh problems of competitive bids for the indigenous industry. At last week's annual general meeting of the Indian Non-ferrous Metals Manufacturers' Association, Calcutta, Mr. J. N. Bhan urged certain matters of policy for the Government for prompt decision and action. In so far as Government's pur-

chase policy goes, he has strongly suggested that comparative quotations should not be the major or overriding test. First preference should be given to home factories with satisfactory equipment and facilities for testing materials if only because standardisation and quality are to be ensured. Alternative specifications, within limits of tolerance, should be accepted where strict adherence to foreign specifications may not prove workable. The viewpoint of industry in general in regard to the practice of ordnance factories entering the indigenous civil market with competitive products alongside the private sector has now been clearly stated and Mr. Bhan emphasizes that ordnance factories should avoid competitive production and select other lines of manufacture to minimise imports. The gap between installed capacity and actual output in this category of industries is very large and in the context of this serious handicap, he pleads that new units or expansion of existing ones should be disallowed to discourage uneconomic duplication. There seems to be much force in his contention about the present level of tariff duties being pitched low. But his suggestion to raise them by mere executive directives is open to serious question. The precedent of dispensing with the safeguard of the Tariff Commission's exhaustive enquiry cannot be established so lightly.

BANK OF RAJASTHAN

The Bank of Rajasthan's financial operations for the calendar year 1953 reflect the progress achieved in most respects in a year in which a rising level of expenses somewhat distorted the financial picture of a number of banks and reduced their net profit. Contrary to this general trend, the Bank of Rajasthan showed an improvement of Rs. 20,000 in its profit to Rs. 1.05 lakhs. Gross income stood at Rs. 8.97 lakhs—an excess of Rs. 1.09 lakhs over the previous year—but a large part of it was absorbed by inflated expenses. Nevertheless, it shows a larger volume of business transacted. Deposits went up to a record amount of Rs. 172.80 lakhs—an increase of over Rs. 22.5 lakhs as compared to 1952. Since the cost of deposits was pushed up due to the keen competition among banks in a bid to attract them, the Bank's payment of interest rose to Rs. 2.71 lakhs. Advances were maintained almost at the previous year's level, but investments recorded an improvement of Rs. 7 lakhs due to larger funds with the Bank. Income from interest and commission reached new levels at Rs. 5.92 lakhs and Rs. 2.70 lakhs respectively. The Bank's provision for reserves is satisfactorily maintained. Dividend was distributed at the rate of 3½ per cent like the preceding year. In a year of strain for the banking system, the management succeeded in maintaining progress.

SUGAR MACHINERY MANUFACTURE

To the host of medium-sized engineering industries which India has started in the last few years, one more promises to be added in the near future. This is the manufacture by Walchandnagar Industries of components of different types of equipment used by sugar factories adopting the vacuum pan technique of manufacture. The recent departure of Mr. Gulabchand Hirachand, Chairman of the Board of Directors of the firm, in company with its chief engineer, announced in the Press, is expected to take the negotiations with the United States Pipe and Foundry Co. of New Jersey, for joint participation in this enterprise for the manufacture of the vacuum pan sugar factory machinery, to a successful termination. The final stage in the negotiations has been preceded by a series of test manufactures of the equipment in question and its efficiency under conditions of manufacture obtaining in this country. The experiment conducted in some sugar factories in Bombay State in the use of such machinery has proved reassuring. The principal components whose manufacture is contemplated by the concern include control and appraisal instruments, circulators, evaporators, heaters, condensors, pumps, and so forth.

The vacuum pan manufacture method is adopted on an appreciable scale in sugar factories in the largest manufacturing State of Uttar Pradesh and in other sugar producing States too it is followed on varying scales. A market for the medium equipment and machinery exists in this country and it will be a special virtue of the projected enterprise of Walchandnagar Industries' products that they will incorporate some of the most modern, efficient, and economical equipment used in leading sugar manufacturing countries. The new enterprise needs no separate and independent outlay in every respect as it is to function as a part of Walchandnagar Industries and to use the facilities available in the off season in the sugar manufacturing industry. It holds promise of carrying with it the double advantage of making a more intensive use of the capital resources of Walchandnagar Industries and supplying the equipment at a relatively lower price for sugar units in this country. The prospect of reducing replacement costs should be welcome to an industry whose main headache at the present time is bringing down the cost of production.

WOOL OUTPUT AND CONSUMPTION

World wool consumption in 1953 reached a total of 2,000 million lb. (clean), with one exception, the highest ever recorded. The exception was 1950 when, assisted by an abnormal demand arising from the Korean war, world wool consumption reached its record total of 2,681 million lb. (clean). This analysis appears in the survey "World Consumption of Wool, 1950-53", just published in London. The Commonwealth's share of last year's total world consumption was 600,000,000 lb., or 23 per cent, which was a substantial improvement on 1952. The United Kingdom accounted for the bulk of the Commonwealth total, while Australia and Canada accounted for most of the remainder. India, says the survey, probably ranks fourth in importance as a Commonwealth consumer but full official figures are not available. Both India and Pakistan have ambitious plans for expanding their wool-using industries in the future.

World consumption in 1953 was at its highest in the first half of the year, when wool textile industries were completing their recovery from the 1952 recession and re-building their working stocks of tops, yarns and tissues. In the second half of last year the rate of use declined to some extent, particularly in the U.S.A. though raw wool prices remained generally firm. World output of wool tops in 1953 rose by 30 per cent, compared with 1952, and worsted yarn production by nearly 20 per cent, but woollen yarn production was only five per cent higher, and world output of woven wool cloth showed little change from 1952.

The revived activity of 1953 was notable for a sharp improvement in international trade in wool and wool goods, according to the survey. Raw wool imports into 11 major consuming countries were 13 per cent larger than in 1952—Britain alone establishing a new high record for her wool imports—and total exports from these countries of tops, yarns and cloth increased by no less than 21 per cent, 43 per cent, and 22 per cent respectively. These trends indicate not only a recovery in the demand for wool goods but a widespread relaxation of import quota restrictions during the year. Australia, New Zealand, South Africa and Western Germany were among the important markets which relaxed import restrictions during 1953, though some others, including Argentina, Brazil, Egypt and France, remained subject to restrictions.

INDIA'S FOREIGN TRADE LOWER IN 1953

Official figures of India's overseas trade for the year 1953 made available on June 9 last showed that the country had an adverse trade balance of Rs. 23.86 crores as against an adverse balance of Rs. 173.33 crores in 1952. India's balance of trade with dollar area was, however, favourable to the extent of Rs. 7.35 crores in 1953 as compared with an adverse balance of Rs. 158.30 crores in 1952. The trend of trade with soft currency area remained generally the same as in 1952, the adverse balance being Rs. 30.21 crores.

The total value of trade during 1953 had, however, shrunk considerably from Rs. 1,357.67 crores in 1952 to Rs. 1,032.30 crores in 1953. The shrinkage occurred mainly in imports, the value of which was Rs. 513.08 crores in 1953 against Rs. 765.50 crores in 1952. India's exports and re-exports to foreign countries also recorded a fall from Rs. 592.17 crores in 1952 to Rs. 519.22 crores in 1953. India's trade with Pakistan was Rs. 22 crores in 1953 as against Rs. 54.18 crores in 1952. The total value of India's trade with dollar area during 1953 was Rs. 224.69 crores, of which Rs. 116.02 crores constituted exports and re-exports, while Rs. 108.67 crores as imports. The total value of trade with the U.S.A. during 1953 was Rs. 182.70 crores of which exports and re-exports were of the value of Rs. 93.36 crores and imports Rs. 89.34 crores, thus registering a surplus balance of Rs. 4.02 crores in favour of India.

OUTPUT AND EMPLOYMENT IN COLLIERIES IN APRIL

More persons were employed daily in lesser number of collieries during April, 1954, than in the previous month, according to the Chief Inspector of Mines in India. The output per manshift also increased. During the period on an average 330,039 workers were employed daily in 845 collieries as compared with 326,581 workers employed daily in 848 collieries in March. The output per manshift for miners and loaders was estimated at about 1.09 tons, representing an increase by 0.01 ton over the previous month's figure. The percentage of absenteeism dropped from 13.96 in March to 13.16 during the period. The output of coal during April was 3,037,138 tons as compared with 3,073,257 tons in March. During the period, 295,416 tons of hard, soft and other kinds of coke were produced as compared with 333,186 tons in March.

ROHTAS INDUSTRIES

The year 1952-53 ended in October was a year of readjustment for Rohtas Industries and there is ample justification for the confidence expressed by the Directors that the fruits of outlay on modernisation and expansion will be seen in the working results of the current and next years. Taking the comparisons by calendar years, there was an impressive increase in sugar output in 1953 over 1952 and as cheaper cane will be available due to the opening of the new 14-mile line on the Dehri-Rohtas Light Railway, further increases in output will be registered. The easier access which the rail extension has provided to more plentiful supplies of limestone will help cement production. For the cement industry, new equipment is being added and the first kiln is to be modernised on the pattern of the second. The sharp decline in the demand for board has caused a quantitative fall in paper production but in terms of value the new varieties of paper taken up on hand are more than compensating for the set-back. The capacity of the pulp plant and the paper factory is to be raised. The installation of the new machine for tissue paper was delayed beyond expectation but this year it has gone into production. The power plant is to be modernised by the end of the current calendar year. Caustic soda production went up to 1,355 tons in 1953. In general, expansion is proceeding on a satisfactory scale.

S&L

STEAM PIPES
& SPECIALS

TUBULAR COILS
FOR SUPERHEATERS,
REFRIGERATION & HEATING

STEAM PIPE
LAYOUTS
DESIGNED, FABRICATED
& ERECTED

STEWARTS
AND LLOYDS
OF INDIA, LTD.

Head Office: **41, Chowringhee Rd., CALCUTTA.**
Works: **39, Hide Road, KIDDERPORE.**
Bombay Office: **Himalaya House, Paltan Rd., Fort, BOMBAY.**

THE
PUNJAB NATIONAL BANK LIMITED
(Established 1895)
Head Office **DELHI**

STATEMENT OF ACCOUNTS AS ON 31-12-1953

	LIABILITIES	Rupees
(i)	Paid-up Capital	87,50,000
(ii)	Reserve Fund	90,00,000
(iii)	Deposits	65,31,18,035
(iv)	Other Liabilities consisting of Acceptances, Endorsements, Bills Payable, Bills for Collection, Etc.	12,69,54,164
	Total .	79,78,22,199

	ASSETS		
(i)	Cash and Balances with Bankers ...		7,47,49,531
(ii)	Investments		
	(a) Securities of the Central and State Governments and other Trustee Securities ...	Rs 35,24,28,079	
	(b) Other Investments ...	Rs. 89,98,924	36,14,27,003
(iii)	Loans and Advances ...		25,54,91,216
(iv)	Other Assets including Bills Receivable etc		10,61,54,449
	Total .		79,78,22,199

B. N. PURI, *General Manager*

SERVING THE COUNTRY THROUGH 300 OFFICES

COMPANY AFFAIRS

THE FORT WILLIAM JUTE CO., LTD.

The Audited Accounts of The Fort William Jute Co., Ltd. (Managing Agents: Bangur Brothers Ltd.) for the half-year ended March 31, 1954, show a Profit of Rs. 6,79,022-10-7; the previous balance of Rs. 2,911-9-6 brings the net credit to Rs. 6,81,934-4-1. Of this amount the Directors have recommended that the sum of Rs. 5,00,000 be transferred to General Reserve Account, the sum of Rs. 35,000 to be paid as dividend at 7 per cent on 10,000 Cumulative Preference Shares for the half-year ended 31-3-54 at Rs. 3-8 per share and Rs. 1,40,000 as dividend on 14,000 Ordinary Shares for the half-year ended 31-3-54 at Rs. 10 per share. The sum of Rs. 6,934-4-1 is proposed to be carried forward. Rs. 2,03,971 were allocated to Depreciation. Rs. 91,612-6-6 were paid as Interest.

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

Half-year ended	March 1953	Sept. 1953	March 1954
Profit on manufacture (Rs.)	3,81,811	11,70,364	..
Amount set aside for reserves (Rs.)	..	1,00,000	5,00,000
Profit for half-year (Rs.)	2,77,092	9,95,437	..
Depreciation (Rs.)	..	1,83,925	..
Dividend on preference shares (Rs.)	..	1,40,000*	35,000
Dividend on ordinary shares (Rs.)	..	70,000	1,40,000
Balance carried forward (Rs.)	—4,98,601	2,912	6,934

* Dividend for four half-years.

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

THE UNITED PROVINCES ELECTRIC SUPPLY CO., LTD.

The Directors' Report for The United Provinces Electric Supply Co., Ltd. (Managing Agents: Martin Burn Ltd.) for the half-year ended September 30, 1953, disclose that trading results and progress have been satisfactorily maintained during the period under review; the cost of labour and materials continued to rise, upsetting progress considerably, as a result.

The progress made is indicated in the summary below:

Half-year ended	Units sold	Revenue (Rs.)
September 30, 1952 ..	28,185,332	34,33,172
March 31, 1953 ..	28,300,558	34,62,595
September 30, 1953 ..	31,257,135	37,86,990

The Accounts, after complying with the provisions of the Electricity (Supply) Act, 1948, and making adequate provisions for liabilities, and setting aside Rs. 50,000 to Development and Extensions Account, there remains a balance of Rs. 3,59,567-9-3 including Rs. 78,548-4-3 brought forward from the previous half-year available for distribution. The Directors recommend the payment of a dividend at the rate of 10 per cent per annum free of Income Tax, amounting to Rs. 2,80,000 and the balance of Rs. 79,567-9-3 to be carried forward to the next half-year. The sum of Rs. 2,33,843-8-6 was allocated to Depreciation; Rs. 1,86,000 to Deferred Income Tax Liability; Rs. 1,00,000 to Reserve for Redemption of Debentures; Rs. 58,802-10-11 to Statutory Contingencies Reserve.

The working results of the Company are indicated in the table below:

Half-year ended	Sept. 1952	March 1953	Sept. 1953
Profit (Rs.)	9,48,300	8,97,489	3,59,567*
Depreciation (Rs.) ..	1,87,666	1,87,666	2,33,844
Dividend (Rs.)	2,80,000	2,80,000	2,80,000
Carried forward (R.s) ..	76,044	78,548	79,568

* Declared profit on Profit and Loss Account.

SUNGMA TEA CO., LTD.

The Directors' Report of the Sungma Tea Co. Ltd. (Managing Agents: McLeod and Co., Ltd.) for the year ended December 31, 1953, discloses the year's profit at Rs. 93,086. Of this Rs. 1,052 have been deducted towards Adjustments; Rs. 8,282 as Amount written off stores; Rs. 39,314 as Depreciation for 1953; the loss of Rs. 3,23,732 brought forward from the last year leaving a balance at debit of Profit and Loss Account to be carried forward to 1954 of Rs. 2,79,294. The saleable crop from the Sungma and Turzum Estates weighed out at 4127 maunds against an estimated 4590 maunds and was disposed of at an average price of 37.33 annas per lb. The 1954 estimate provides for a saleable crop of 4700 maunds at a total Revenue Expenditure of Rs. 6,85,409. No dividend has been paid since 1950. The results of working in the last three years are tabulated below:

Year ended December	1951	1952	1953
Acreage under tea ..	745	745	745
Out-turn in maunds ..	5,124	3,868	4,127
Profit of year (Rs.) ..	39,982	—3,21,605	93,086
Depreciation (Rs.) ..	26,605	21,428	39,314
Carried forward (Rs.) ..	19,301	—3,23,732**	2,79,294
Average price realised per lb. of tea (Annas) ..	32.47	27.65	37.33

**After crediting Rs. 7,476, being provision for taxation overprovided in previous years now written back.

BAGHMARI TEA COMPANY, LIMITED

The Directors' Report of the Baghmari Tea Company, Limited (Managing Agents: McLeod & Co., Ltd.) for the year ended December 31, 1953, shows a profit of Rs. 3,34,568 before providing for Depreciation. Of this Rs. 1,556 are deducted for Loss on Farming; Rs. 6,948 towards Adjustments; Rs. 26,358 as Amount written off Stores; Rs. 1,14,299 towards Depreciation during 1953; Rs. 1,607 as Loss on Motor Vehicle discarded. Rs. 2,58,910 was brought forward as the loss in 1952; leaving a balance at debit of Profit and Loss Account, Rs. 75,110 to be carried forward to Rs. 1954. The saleable crop weighed 9,008 maunds against an estimated 9,000 maunds and was disposed of at an average price of 31.26 annas per lb. The estimate for 1954 provides for a saleable crop of 9,700 maunds at a total Revenue Expenditure of Rs. 9,52,520. No dividend has being paid since 1951. The results of the working of the Company are set out in the table below:

Year ended December	1951	1952	1953
Acreage under Tea	573	573	573
Outturn in maunds	7,861	9,946	9,008
Profit of year (Rs.)	—95,009	—1,69,758	3,34,568
Depreciation (Rs.)	N.A.	N.A.	1,14,299
Carried forward (Rs.)	—89,152	—2,59,910*	75,110
Average price realised per lb. of Tea (Annas)	24.21	20.16	31.26

* After crediting Rs. 1,705 being provision for taxation overprovided in previous years now written back.

NENMENY RUBBER & PRODUCE CO., LTD.

The Audited Accounts of the Nenmeny Rubber & Produce Co., Ltd. (Managing Agents: A. V. George & Co., Ltd.) for the year ended December 31, 1953, disclose a total of 1,229.80 acres were under Mature Rubber and 136.55 under Immature Rubber. 36.95 acres of Immature Rubber were brought under tapping during 1953. The rubber crop during the year was 5,36,211 lbs. at 75.45 cents per lb. against an estimated 5,15,000 lbs. at 86.63 cents per lb.

The net profit after providing for taxes, depreciation, etc., is Rs. 1,07,226-15-7, to which the balance of Rs. 31,378-4-11 brought forward from last year added makes a total of Rs. 1,38,605-4-6 available for distribution. The Directors recommend the payment of a dividend at 7 per cent on Preference Shares (Rs. 21,000), at 7½ per cent on Ordinary Shares (Rs. 25,125) and the allocation of Rs. 50,000 towards Debenture Redemption Reserve. The balance of Rs. 42,480-4-6 is proposed to be carried forward to next year. Capital expenditures incurred during the year include Rs. 26,128-12-8 towards land and development; Rs. 13,100-6-9 towards Buildings and Rs. 12,096-6-0 towards Spraying Machinery. The sum of Rs. 22,761-12-9 was allocated towards Depreciation and Rs. 65,000 towards Taxes. Rs. 4,810-9-3 were realised from sales of Tea green leaf; Rs. 3,151-11-10 from Minor Produce and Rs. 590-14-0 from sales of Rubber seeds.

THE ANANDAM RUBBER CO., LTD.

The Directors' Report and Statement of Accounts of The Anandam Rubber Co., Ltd. (Managing Agents: A. V. George & Co., Ltd.) for the year ended December 31, 1953, shows 329 acres under Mature Rubber and 300 acres under Tea. [Devroly Estate transaction closed in May 1953. The Pookulam Tea Estate purchased on December 2, 1953 for Rs. 5,25,0000—price paid from sale proceeds of Devroly Estate]. The rubber harvested during the year was 1,17,923 lbs. at 67.78 cents per lb. The estimate for 1954 is 1,07,000 lbs. at 56.63 cents per lb. Tea secured during December 1953 was 8,400 lbs. 1954 estimate for Tea is 2,00,000 lbs. at 106 cents per lb.

The net profit after providing for taxes, depreciation, etc., is Rs. 45,617-10-6; the balance brought forward Rs. 27,519-13-2 when added to this makes a total of Rs. 73,137-7-8 available for distribution. The Directors recommend a dividend of 7 per cent on Preference Shares (Rs. 17,500); 10 per cent on Ordinary Shares (Rs. 25,000) leaving a balance of Rs. 30,637-7-8 to be carried forward. The provision of Rs. 25,000 for taxes includes the anticipated liability to Agricultural Income Tax in Madras State on the profits of the Kannambra Estate. Rs. 3,150-3-2 were allocated towards Depreciation. The sum of Rs. 1,403-1-6 was realised from the sale of Pepper and Rs. 1,910-4-0 from Minor Produce. Stock as at December 31, 1953, discloses 30,973 lbs. of Rubber worth Rs. 35,353-13-7 and 8,400 lbs. of Tea worth Rs. 19,225-8-6.

ALLIANCE JUTE MILLS CO., LTD.

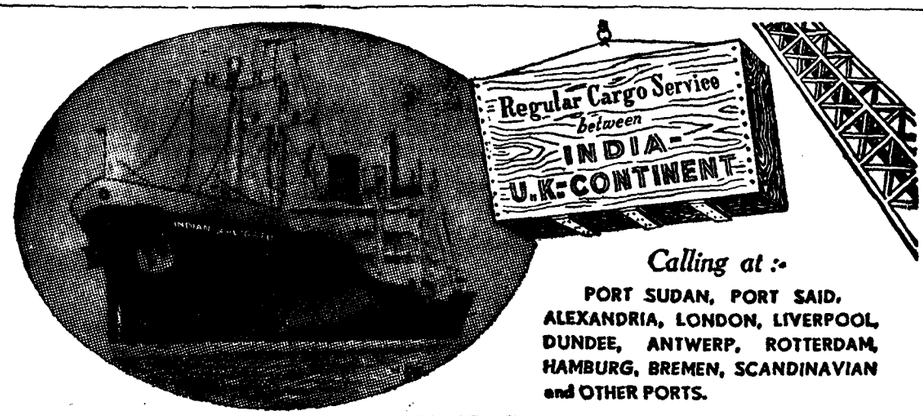
The Audited Statement of Accounts of the Alliance Jute Mills Co., Ltd. (Managing Agents: McLeod & Co., Ltd.) for the half-year ended December 31, 1953, discloses the provision of Rs. 50,000 for Doubtful Debts and Rs. 1,61,000 towards Depreciation, leaving the profit for the half-year at Rs. 9,46,607. From this amount is deducted the Debit Balance of Rs. 1,70,951 carried forward from the previous half-year leaving a balance of Rs. 7,75,656 out of which Rs. 3,00,000 have been transferred to General Reserve Account. The sum of Rs. 4,75,656 being available for distribution, the Directors have recommended the payment of dividend on 15,000 Preferenc Shares at Rs. 6 per share for the years ended December 31, 1951, December 31, 1952 and December 31, 1953, amounting to Rs. 90,000 per year (Rs. 2,70,000) and a dividend at 10 per cent or Rs. 5 per share on 30,000 Ordinary Shares per annum for the half-year ended December 31, 1953 (Rs. 1,50,000) making a total of Rs. 4,20,000 paid as dividends. The balance of Rs. 55,656 is to be carried forward. In accordance with the Working Time Agreement of the Indian Jute Mills Association, working hours were 42½ hours per week with 12½ per cent of the total looms sealed.

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

Half-year ended	Dec. 1952	June 1953	Dec. 1953
Profit for half-year (Rs.)	4,35,939	11,45,184*	7,75,656**
Depreciation (Rs.)	2,39,000	1,50,000	1,61,000
Allocations to Reserves, Renewals, etc.			3,00,000
Rate of dividend, per cent on Ordinary Shares			10
Amount paid as dividend (Rs.)			4,20,000
Carried forward (Rs.)	—11,66,135	—1,70,951	55,656

* After crediting Rs. 3,94,,562 being amount received on account of Post-war E.P.T. Refund (net) and Rs. 15,379 being amount over-provided in respect of liabilities in the previous half-year.

**After deducting Rs. 1,70,951 carried forward as debit balance from previous half-year.



Calling at :-

PORT SUDAN, PORT SAID, ALEXANDRIA, LONDON, LIVERPOOL, DUNDEE, ANTWERP, ROTTERDAM, HAMBURG, BREMEN, SCANDINAVIAN and OTHER PORTS.

Our Fleet :-

S. S. INDIAN PIONEER
S. S. INDIAN TRADER
S. S. INDIAN SHIPPER
S. S. INDIAN IMPORTER
S. S. INDIAN ENDEAVOUR
S. S. INDIAN EXPORTER
S. S. INDIAN NAVIGATOR
S. S. INDIAN MERCHANT
S. S. INDIAN COMMERCE

INDIA STEAMSHIP COMPANY LIMITED

Managing Agents:- LIONEL EDWARDS LTD.
D-1, CLIVE BUILDINGS, • CALCUTTA-1.

STAND SOLIDLY BY INDIAN MERCHANT MARINE

COMMODITY NEWS AND NOTES

FINAL ESTIMATE OF JOWAR

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of jowar for 1953-54 puts the current year's area and production at 42,990,000 acres and 7,691,000 tons, as against 43,339,000 acres and 7,260,000 tons in the partially revised estimate for 1952-53. This shows a decrease of 349,000 acres or 0.8 per cent in area and an increase of 431,000 tons or 5.9 per cent in production over 1952-53. The decrease in acreage has been shared mainly by Andhra, Uttar Pradesh, Madras, Mysore and Saurashtra and has been attributed to unfavourable weather conditions at the time of sowing. In Andhra, acreage has also been diverted from jowar to the cultivation of more paying crops. This decrease in acreage has, however, been offset considerably by the increases reported by Bombay, Rajasthan, the Punjab, Madhya Pradesh, Kutch, Madhya Bharat, PEPSU, Vindhya Pradesh and Delhi due to sufficient and timely rainfall received at the time of sowing. The production estimates for 1952-53 and 1953-54 in respect of Bombay, Madhya Pradesh, Punjab, Uttar Pradesh, Hyderabad, Mysore, Rajasthan, Bhopal and Vindhya Pradesh and for 1953-54 only in respect of Ajmer are based on the results of random sample crop-cutting surveys. This estimate also includes information in respect of the "non-reporting areas", i.e., areas for which forecasts are not prepared. The "non-reporting areas" for this estimate include Madhya Pradesh (non-reporting pockets only), Jammu and Kashmir and Travancore-Cochin and account for an area of 67,000 acres and a production of 5,000 tons during 1953-54.

FRENCH SUGAR FOR INDIA

About 5½ lakh bags of sugar, costing Rs. 2.75 crores, including freight, have been sold to the Government of India by sugar interests in France. The sugar will be delivered in July-August this year. The sale, it is understood, was negotiated recently when the Paris talks between French and Indian Government representatives over the future of the French Settlements in India were going on.

DECLINE IN INDIAN COAL PRODUCTION

The output of Indian coal and coke declined during April, 1954, after an improvement in the first three months of the year. Production of coal and coke amounted to 3,037 tons and 119,274 tons respectively in April as compared with 3,071,008 tons and 333,186 tons in the previous month. Dispatches of coal, however, rose from 2,594,367 tons in March to 2,599,335 tons in April. Besides this, 116,282 tons of coke was also dispatched in April. The increase in dispatches has not, however, reduced the burden of mounting coal stocks at pit-heads which were estimated at 3,400,000 tons in West Bengal and Bihar collieries at the end of April, as against 3,300,000 tons in March.

INDIAN JUTE GOODS STOCKS LOWEST SINCE JANUARY 1952

India's jute goods stocks are now the lowest since the beginning of 1952, according to figures released recently. Total stocks at the end of May 1954 amounted to 86,500 tons which was very much lower than the record stocks of 1,38,900 tons in the corresponding month of last year. The stock figures are also lower by 4,900 tons than the previous month, when total stocks amounted to 91,400 tons. This is the result of successive reduction in sacking stocks, which declined from 57,500 tons at the end of April to 50,000 tons in May—39,000 tons less than the corresponding figures of last year. Hessian stocks have increased further by 2,600 tons to 34,900 tons in May. But they are still lower than those of the corresponding month of last year when hessian stocks amounted to 48,000 tons. Other goods stocks were maintained at 1,600 tons, the same as in April.

ENCOURAGING RESULTS FROM JAP METHOD OF RICE CULTIVATION

Encouraging results with high yields of rice per acre have been obtained by the wide use of the Japanese method of cultivaton in India, said an official spokesman recently. In 1953-54, the additional yield has been the highest in Madhya Pradesh, with 38 maunds per acre. The next in order was Travancore-Cochin with 21.6 maunds. In terms of money also Madhya Pradesh showed outstanding results, the additional return per acre being Rs. 342. Next came Madhya Bharat and Travancore-Cochin with Rs. 228 and Rs. 220 respectively. The Japanese method was adopted in India in 1953-54 in about 2,80,000 acres. During 1954-55 the target area is a little above 20,00,000 acres. The highest target is for Bihar, with 4,00,000 acres. Orissa will place 2,50,000 acres under this system and U.P., West Bengal and Madhya Pradesh, each 2,00,000 acres. The total acreage for paddy cultivation in India is estimated at about 7,40,00,000 acres and the target of 20,00,000 acres for the Japanese method is said to be quite modest. During last year the Japanese method was tried in as many as 25 States and in many cases the yield is reported to have exceeded 100 maunds per acre. The essentials of the Japanese method of rice cultivation are line sowing; nurseries on raised seed-beds, fewer plants and proper spacing; heavy manuring and timely weeding.

Encouraged by this method for rice, the Union Agriculture Minister, Dr. Punjabrao Deshmukh, has recommended the use of the Japanese method of sugar-cane cultivation also to farmers in India.

INCREASE IN PER ACRE YIELD OF RICE

The rice yield per acre in India has been steadily increasing for the past three years. From 7.24 maunds in 1951 it went up to 8.54 maunds in 1953.

Coorg had the highest yield last year, 12.54 maunds per acre. Andhra, which stood second, had 11.82 maunds. At the other end of the list came Madhya Bharat, with 2.44 maunds yield per acre. In 1949 Kashmir had a record yield of 19.93 maunds. Now it has gone down by almost half, the present yield being 10.50 maunds only. The reason is premature dropping of paddy before it is ripe. This has especially been so with the Chinese variety of rice introduced in the State a few years ago for its prolific crop. Agricultural experts are now trying some other variety, which is free of this trouble. The improvement in yield has been attributed to the growing use of chemical fertilisers and improved varieties of seed. Official experts at the Centre expect the improvement to be far more marked now that the Japanese method of cultivation has been adopted in many parts of the country. The area under rice cultivation has also increased from 7,28,00,000 acres in 1949 to 7,66,00,000 in 1951, according to a survey of the National Income Committee.

THREE-YEAR DEVELOPMENT SCHEME FOR CHILLIES

The Government of India has launched a three-year scheme for evolving new strains of chillies with a higher yield and greater resistance against thrip. Production of chillies in India is at the moment dwindling fast. From 3,45,000 tons in 1951 it declined to 3,01,000 tons by 1953. Since 1949 research has been going on on chillies cultivation and as many as 260 varieties of the plant have been examined in an effort to find out the cause of its deterioration. The new scheme will be worked out in the Guntur district in Andhra. The expenditure involved is estimated at Rs. 47,860 spread over the three years.

COMPANY MEETING

ROHTAS INDUSTRIES LIMITED,

Speech of Shri Shanti Prasad Jain, Chairman, at the Twenty-first Ordinary General Meeting of the Company held on Wednesday, the 2nd June, 1954, at Dalmianagar, Bihar.

Gentlemen,

I have pleasure in welcoming you to the 21st Ordinary General Meeting. The Audited Accounts of your Company for the year ended 31st October, 1953, together with the Directors' Report are already in your hands. With your permission, I shall take them as read.

WORKING RESULTS

I consider that the working results of the year are such as to give us all a sense of satisfaction that the Company is having steady improvement in spite of the fact that the total sales proceeds during the year have registered a fall. This has been due to scaling down of cement price in stages beginning from December 1952 by Rs. 14-7 per ton in the item of packing charges. Cement output was lost to some extent on account of the overhaul of the plant. There has also been reduction in paper prices in the middle of February, 1953. With the improved output of the cement that is already evident from current production and the operation of the German Yankee Machine which has gone into production, the working results of the present year are bound to be better.

PAPER

Since our last meeting your Directors have taken steps for placing order for two additional paper machines. The capacity of an economic unit before the war was reckoned at 5,000 to 6,000 tons of pulp. Today, it should be of the order of 25,000 tons of pulp. The management of your Company are keen to remove the disadvantages that attend small-scale production and they have, therefore, been planning for enlarging the capacity and to achieve larger production. The plans may be considered ambitious and even attended with some risk. But in its efforts to improve efficiency, your Company is assured of the support of the Government of Bihar who have promised to consider sympathetically its application for long-term lease of forest areas which supply raw material for the paper factory. Modernisation of your factory as contemplated will make it compare favourably with the standard paper factories abroad. But the price factor of the raw material is there. Besides, the quality of paper produced with bamboo pulp is appreciably different from that produced from wood pulp. Your Company will conduct laboratory experiments and concentrate on improving the quality of the paper produced from Bamboo and Bagasse pulp and will aim at progressively reaching a quality equal to production from chemical wood pulp. Barring the inherent defect in Bamboo pulp, achievement of better efficiency and economy will be possible with increase in capacity. It will also be possible to keep production well ahead of demand in this country which I expect would increase in the order of 15 per cent per annum. Your Company will produce special and finest varieties of paper like Bank, Bond, Ledger, Poster, Kraft, Match, Manilla etc., which are largely imported at present. The expansion of your paper unit and the extensions already effected and in contemplation by certain other mills will raise the total production of the various items of paper in this country to 2,40,000 tons.

While dealing with expansion and improvement of quality, I would like to refer to the factor of price which is now fixed on the basis of a certain formula evolved by the Tariff Board. This formula takes into consideration the different varieties of papers manufactured, but no emphasis is given to the quality of each variety. During the war, the industry had to produce maximum tonnage and very little attention was paid to quality. It is essential now that premium and discount should be allowed to manufacturers producing different qualities in the same variety. The Government of India should urge the Indian Standards Institution to lay down specifications for different qualities in respect of all varieties so that manufacturers may get price according to quality. The manufacturers who pay attention to quality and produce goods of better quality will be compensated. This provision will result in general improvement in the quality of the products. It will be in line with the policy of the Industry Ministry which is anxious to improve the quality of national products in every possible respect.

In the context of expansion, I would like to make one point. It is with regard to the need for the Indian industry to begin to think on the lines of specialisation in selected products. It is very desirable as it will increase efficiency and reduce the cost of production and thereby enable the factories to face competition better. Specialisation in qualities has not been so far possible in this country due to the small tonnage of total production. Now that the industry has expanded and there is still growing need for many new varieties of paper and board, development should take place on specialised lines. This will be of benefit both to the producer and the consumer.

CEMENT

Cement is a commodity for which there is growing demand in the country. The Planning Commission have visualised extension of cement production to about 5 million tons by 1955-56 from the rated capacity of 3.88 million tons per annum. The Industry Ministry, Government of India, wants even a larger target if the Railway Ministry could manage requisite transport. The needed expansion of the industry has to take place in areas like the Amritsar-Calcutta belt which experience greatest shortage in respect of cement and where in view of the larger population and high consumption, demand is expected to steadily increase. Ideal sites in this area with ample supplies of limestone and nearness to coal are limited. Obviously, therefore, expansion in the area has to take place largely at the site of the existing units.

Your Company has been anxious to extend its capacity and with the construction of the Mokameh bridge it will be best situated for supplies to markets in North Bihar and North Bengal. It, however, gets no encouragement to go ahead with expansion schemes. The Tariff Commission has made a distinction which is not understandable between new plants by existing manufacturers and new manufacturers. On account of this, your Company's second plant put up after the war did not get the advantage of the higher price allowed to new units. Your Company's cement factory is not situated at the limestone head which results in higher transport cost of limestone and lower freight on cement. The present delivered price of cement includes freight on cement equivalent to Rs. 15 per ton and cement Companies are allowed to charge higher freight if their average works higher. Under this basis of freight allowed for cement, it is not possible for your Company to set off the freight on limestone that it has to pay. A factory which is situated in the same region as yours

and drawing limestone from the same area escapes the freight on limestone because it is at quarries site and is able also to charge extra price when sending cement to longer distances. The just claims of your Company in this respect if granted would have helped extension of its present capacity.

ASBESTOS CEMENT PRODUCTS

Encouraging progress has been made in regard to your Asbestos Cement Plant. This factory has been placed by the Government of India in the approved list for I.S.D. supplies. In order to have supplies of asbestos fibre at more favourable terms, your Company are endeavouring to enter into arrangements with asbestos mines abroad. This will increase the competitive capacity of your product.

SUGAR

Your factory has registered a higher production during the year because of larger supply of sugar cane. But the 1953-54 season has proved very disappointing. The total production of sugar in the country is only 10 lakh tons. It is perhaps the worst season in recent years. Want of adequate supply of sugar cane to help full season crush and of suitable variety that gives better recovery continues to be the thorny problem of the industry. We are aware that the Government of India are giving this matter their attention by assisting development of sugar cane from the point of view of better yield per acre and also permitting establishment of factories in South India where sugar cane cultivation is better and supply is more.

The problem of greatest importance is that the supply and quality of sugar cane should be improved. It was perhaps in 1943 that in Bihar due to a particular variety of sugar cane the recovery was increased by 1 per cent. There has been no progress since. In fact a variety of sugar cane which contains 20 per cent fibre and is heavy creating difficulty in milling is grown in South and North Bihar. The industry is not helped by cultivation of such unsuitable varieties of sugar cane. The Sugar Cane Research Institute has to devote greater attention to the question of ensuring that sugar cane cultivation is improved and the variety of cane available is such as to give substantially better recovery.

While the Bihar Government is anxious to assist the sugar industry, paradoxically however, additional difficulties are sought to be imposed. To assist better sugar cane cultivation the Government of Bihar are sinking tubewells. But the result is contrary to expectations. Because of disproportionate increase in the irrigation charges on sugar cane cultivation, the agriculturists took to cultivation of paddy. We had urged that the Government of Bihar should adjust irrigation charges so as to actively assist sugar cane cultivation with the expanded scheme of tubewells. It is to be hoped that the lower price of cereals will make sugar cane cultivation attractive to the agriculturists. Then there is the vexed question of imposition of sales-tax on sugar cane. Representations have been made on this point also to the Bihar Government. It will be appropriate for the Government of India to bring their influence to bear upon the State Government in these matters.

The greatest handicap to your factory is non-availability of sugar cane. We cannot shift the factory to a better location because the move will not get the approval of the Bihar Government. It is not possible either for us to run counter to the wishes of the State Government. If the handicap regarding sugar cane is removed, the main difficulty to your sugar factory will have been solved and the factory will be able to contribute in increasing measure to augment supply of sugar in the country. The capacity of your factory is high and there is also good market for your sugar which is classified as one of the best qualities in the market. In order to ensure larger supplies of sugar cane, your Company has arranged for the construction of additional railway sidings for transport of sugar cane. Here I should acknowledge the help accorded to us by the Government of Bihar in sanctioning a development loan towards construction of the siding. We are negotiating for another siding of 12 to 14 miles in length to enable transport of additional cane.

Unless sugar production in the country is helped to be augmented and the country made self-sufficient during the next few years the unfortunate position of our country having to import sugar from abroad will remain. This is a matter of great concern to the industry especially when for several years the country was managing without imports and the indigenous industry was able to meet the internal demand at a price at which under the conditions pertaining to the industry in the country, sugar would not have been available anywhere.

STORES AND MACHINERY

Your Company has had to import at present substantial percentage of spare parts for the cement factory and other units. Gradually, your Company has been following a policy of making such purchases increasingly from within the country. It may be that in the initial stages this policy will cost the Company more, but it is advantageous from the long-term interests of the country and consequently beneficial to your Company also. With this end in view your Company has taken steps to strengthen its engineering department and one of the engineers has been deputed to visit Europe for the purpose of studying the manufacture of spare parts especially for the cement industry. In regard to the paper industry extensions, it has been arranged that a percentage of the machinery such as beaters and refiners will be manufactured in the country and in the Company's own workshops. It may also be possible to meet the requirements of other paper factories in regard to these items in course of time.

HOUSING

Side by side the efforts directed towards improving the quality of the various products and expanding capacity, your Company has also been paying attention for the improvement of facilities to and in the living conditions of the supervisory staff and labour. Your Company will be spending about 50 lakhs of rupees on the construction of quarters for labour and staff. In this effort, support from the Central Government as well as the State Government is available to your Company. With the completion of these quarters every labourer working in Dalmianagar can live in suitable houses near the workplace itself, if he chooses, by paying economic rent. It is the keen desire of the management to provide greater facilities to make living still better. This will also be necessary with the growing number of employees on account of the increasing activities of the Company.

COMPANY LAW

While talking of development activities in the country, one question which comes to our mind prominently is the recent tendency to impose restrictions on the freedom and initiative of private enterprise. The amendments to the Indian Companies Act in the shape of a new Bill are before the Select Committee of Parliament. I need not refer to the various sections of the Bill which have been the subject of criticism from different quarters. It is not for me to anticipate what the ultimate shape of the legislation will be. But it is very relevant to point out that the most important consideration both for the people and the country is that every able-bodied person should be enabled to engage himself in employment of profit to himself and to the nation. The real question is whether the existing system has provided employment opportunities and whether its contribution has so far been towards steady development of the country and under conditions of freedom and proper support whether it could continue to render such benefit to the economy. One can always find defects in any system of organisation functioning in the country and human intelligence sets no limit to arguments. Criticisms by persons on ideological grounds should not be made to prevail in such matters. The measure of the value should be the service that a system renders to the country. I hope, therefore, wise counsel will prevail in the ultimate decision in regard to the various clauses of the new Bill that are in their present form detrimental to the nation.

I hope you will all share with me the expectation that your Company, as is evident from the results so far, will maintain the progress made in its working and that the various schemes for expansion and improvement in the quality of the products will further brighten the future prospects.

I would like to take this opportunity to thank the officers, staff and labour for the improvement that has been achieved and to express the hope that, in their future efforts also, they will be guided solely by consideration affecting the Company's prospects and their own welfare.



CABLES

INDIA'S MASTER CABLE

PARAMITE

MADE IN INDIA FOR INDIA SINCE 1923

SPECIFIED BY ALL DISCRIMINATING ENGINEERS

CENTRAL ROAD RESEARCH INSTITUTE—DELHI

AN EXAMPLE ... ANY PARAMITE INSTALLATIONS

RATE CONTRACT SUPPLIERS TO THE GOVERNMENT OF INDIA

ICC

THE INDIAN CABLE CO., LTD.
9, HARE STREET, CALCUTTA
WORKS : TATANAGAR

FDS-12P

AGENTS : GILLANDERS ARBUTHNOT & CO.,LTD. BOMBAY • MADRAS • NEW DELHI.

NAS 852



Give this a thought..

These children growing up so happily today will, in due time, occupy their rightful places in the pattern of the nation.

Will they, by their learning and training, be leaders in their own fields, standing head and shoulder above others....

Or will they be like dumb, driven cattle without any aim and without any ambition?

You, their parent, can decide it now. Ensure their future greatness by careful planning with the Bombay Mutual.

THE BOMBAY MUTUAL LIFE ASSURANCE SOCIETY LTD.



Bombay Mutual Building, Hornby Road, Fort, BOMBAY 1.

EVERY POLICYHOLDER A SHAREHOLDER

BRANCH OFFICE: Connaught Place, Post Box No. 357, NEW DELHI.

THE BANK OF RAJASTHAN

BALANCE SHEET AS AT

CAPITAL & LIABILITIES	Rs. As. Ps.	Rs. As. Ps.	Rs. As. Ps.
1. CAPITAL:			
Authorised 20,000 shares of Rs. 100 each ..		20,00,000 0 0	
Issued 20,000 shares of Rs. 100 each		20,00,000 0 0	
Subscribed 18,182 shares of Rs. 100 each ..		18,18,200 0 0	
Called & Paid-up Capital:			
300 shares of Rs. 100 each fully paid-up		30,000 0 0	
17,882 shares of Rs. 100 each, Rs. 50 per share called up		8,94,100 0 0	
		9,24,100 0 0	
	1,525 0 0		
Less: Calls unpaid	Nil	1,525 0 0	
Add: Forfeited shares			9,22,575 0 0
2. Reserve Fund & Other Reserves:			
		3,00,000 0 0	
Reserve fund		2,00,000 0 0	
Investment reserve	5,500 0 0		
Provision for bad debts	4,815 15 9	684 0 3	
Less: Doubtful debts not shown on the contra ..			5,00,684 0 3
Provision for income-tax			41,996 4 9
3. Deposits & Other Accounts:			
Fixed deposits		57,67,427 12 4	
Savings bank deposits		33,91,214 15 2	
Current accounts, contingency (unadjusted) accounts, etc.		81,21,019 3 6	
Staff security deposits		51,907 2 9	1,73,31,569 1 9
4. Borrowings From Other Banking Companies, Agents, etc.			
(a) In India		Nil	
(b) Outside India		Nil	
Particulars:			
(a) Secured		Nil	
(b) Unsecured		Nil	
			Nil
Carried forward ..			1,87,96,824 6 9

LIMITED, H. O. UDAIPUR

31st DECEMBER, 1953.

ASSETS & PROPERTY	Rs. As. Ps.	Rs. As. Ps.	Rs. As. Ps.
1. Cash:			
(i) In hand and with Reserve Bank and Imperial Bank of India		57,26,218 6 6½	
(ii) Cash in transit		200 0 0	
(iii) Currency notes sent for exchange		1,162 0 0	57,27,580 6 6½
2. Balance With Other Banks in Current Account:			
(i) In India		3,71,842 1 4	
(ii) Outside India		Nil	3,71,842 1 4
3. Money at Call and Short Notice			80,000 0 0
4. Investments:			
(i) Securities of Central and State Governments and other trustee Securities including Treasury Bills of the Central and State Governments of the face value of Rs. 62,56,400 market value Rs. 60,68,548-10		62,56,378 15 0	
Note: 1. Full provision for the difference between the market value and the cost of the investment has been made as per contra.			
2. All the securities lodged with the bankers against overdraft arrangements.			
(ii) Shares		Nil	
(iii) Debentures or bonds		Nil	
(iv) Other investments		Nil	
(v) Gold		46,013 8 11	63,02,392 7 11
5. Advances: (other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors).			
(i) Loans, cash credits, overdrafts			
(a) In India		53,77,569 5 3½	
(b) Outside India		Nil	
(ii) Bills discounted and purchased (excluding Treasury Bills of the Central and State Governments).		53,77,569 5 3½	
(Only demand bills purchased in course of collection).			
(i) Payable in India	15,34,106 6 5		
(ii) Payable outside India	Nil	15,34,106 6 5	69,11,675 11 8½
Carried forward ..			1,93,93,490 11 6

THE BANK OF RAJASTHAN

BALANCE SHEET AS AT

CAPITAL & LIABILITIES	Rs. As. Ps.	Rs. As. Ps.	Rs. As. Ps.
Brought forward ..			1,87,96,824 6 9
5. Bills Payable			5,97,039 7 9
6. Bills for Collection Being Bills Receivable Per Contra:			
(i) Payable in India		8,49,559 5 8	
(ii) Payable outside India		5,263 0 0	8,54,822 5 8
7. Other Liabilities:			
(a) Unpaid dividends		3,918 15 9	
(b) Sundry creditors		1,67,340 14 11	
(c) Currency notes received for collection ..		742 0 0	
(d) Branch adjustments		2,56,189 13 5	4,28,191 12 1
8. Acceptances, Endorsements and Other Obligations as Per Contra			2,39,465 0 0
9. Profit and Loss Account:			
Balance of last year's profit after appropriation	31,104 9 4		
Less: Dividend on shares for 1952	28,510 0 0	2,594 9 4	
Add: Profit for the year brought from Profit and Loss Account		1,05,496 13 9	
		1,08,091 7 1	
Less: Appropriations:			
Reserve fund	24,000 0 0		
Provision for income-tax	50,000 0 0	74,000 0 0	34,091 7 1
Grand Total Rs. ..			2,09,50,434 7 4

LIMITED, H. O. UDAIPUR

31st DECEMBER, 1953.

ASSETS & PROPERTY	Rs. As. Ps.	Rs. As. Ps.	Rs. As. Ps.
Brought forward ..			1,93,93,490 11 6
6. Bills Receivable Being Bills for Collection as Per Contra:			
(i) Payable in India		8,49,559 5 8	
(ii) Payable outside India		5,263 0 0	8,54,822 5 8
7. Constituents Liabilities for Acceptances, Endorsements and Other Obligations as Per Contra ..			2,39,465 0 0
8. Additions and Alterations to Bank's Leasehold Property:			
As per last balance sheet		12,790 5 9	
Less: Depreciation as per last balance sheet	2,698 0 0		
Depreciation during the year	1,279 0 0	3,977 0 0	8,813 5 9
9. Furniture and Fixtures:			
As per last balance sheet		1,97,889 12 8	
Additions during the year		5,401 15 6	
		2,03,291 12 2	
Less: Depreciation as per last balance sheet	49,213 2 1		
Depreciation this year	15,893 6 11	65,106 9 0	1,38,185 3 2
10. Other Assets:			
(i) Sundry debtors		15,539 14 6	
(ii) Stationery		45,877 2 11	
(iii) Stamps		34 0 0	
(iv) Indian income-tax deducted at source ..		1,30,362 7 1	
(v) Interest accrued on investment but not realised		66,826 5 0	
(vi) Interest accrued from Government of Rajasthan account		26,064 10 2	
(vii) Income-tax paid in advance		15,500 0 0	
		3,00,204 7 8	
Library: As per last balance sheet	5,746 13 9		
Additions during the year	1,224 1 6		
	6,970 15 3		
Less: Depreciation as per last balance sheet	1,563 12 11		
Depreciation this year	625 14 6	2,189 11 5	4,781 3 10
Conveyance (Motor Cars and Tongas)			
As per last balance sheet		23,165 13 3	
Less: Written off during the year		211 1 0	
		22,954 12 3	
Less: Depreciation as per last balance sheet	7,952 1 3		
Depreciation during the year	4,330 9 3	12,282 10 6	10,672 1 9
11. Non-Banking Assets Acquired in Satisfaction of Claims.			3,15,657 13 3
GRAND TOTAL RS.			2,09,50,434 7 4

THE BANK OF RAJASTHAN

PROFIT & LOSS ACCOUNT FOR

EXPENDITURE	Rs. As. Ps.	Rs. As. Ps.
1. Interest paid on Deposits, Borrowings etc.		2,71,302 0 5
2. **Salaries, Allowances and Provident Funds:**		
General Manager	11,370 0 0	
Other Staff	3,08,557 6 9	3,19,927 6 9
3. Directors' and Local Committee Members' fee and allowances.		700 0 0
4. Rent, Taxes, Insurance, Lighting, etc.		39,142 11 6
5. Law charges		1,951 0 0
6. Postage, Telegrams and Stamps		39,620 13 3
7. Auditors Fees and Allowances		1,420 2 9
8. Depreciation on and Repairing to the Banking Company's Property (Safe, Furniture, Fixtures, Conveyance and Library etc.)		22,128 14 8
9. Stationery, Printing Advertisement, Subscription to Newspapers & Uniforms for Servants etc.		41,606 12 4
10. Loss from sale or dealing with Non-Banking Assets.		Nil
11. **Other Expenditure:**		
Remittance Charges	22,025 12 5	
Travelling Expenses and Conveyance Charges	20,338 15 9	
Other Miscellaneous Expenses	11,067 4 4	53,432 0 6
12. Balance of Profit (Subject to Income Tax)		1,05,496 13 9
TOTAL Rs.		8,96,728 11 11

We beg to report that we have audited the Balance Sheet of the Bank of Rajasthan Ltd., Udaipur as at 31st December, 1953, and the relative Profit and Loss Account of the Bank for the year ended on that date as above set forth with Books and Accounts of Udaipur and Jaipur offices and Returns of Branches and Pay Offices and report that—

(a) We have obtained all the information and explanations we have required and the same were satisfactory.

(b) In our opinion, the above Balance Sheet and Profit and Loss Account are drawn up in confirmity with the law.

(c) Such Balance Sheet exhibits a true and correct view of the state of affairs according to the best of our information and explanations given to us and as shown by the books of the Bank. Also such Profit and Loss Account shows a true balance of Profit for the year.

(d) In our opinion, Books of accounts have been kept by the Bank as required by Sec. 130 of the Indian Companies Act.

(e) All the transactions which came to our notice were within the powers of the Bank.

(f) The Returns received from Branches and Pay Offices for the year ended 31st December, 1953, were duly audited by M/s Y. T. Korke and Co., Chartered Accountants.

B. D. Gargieya & Co.,
CHARTERED ACCOUNTANTS AND AUDITORS
BEAWAR

BEAWAR,
17th May, 1954.

LIMITED, H. O. UDAIPUR

The Year Ended 31st December, 1953.

INCOME (less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs. As. Ps.
1. Interest and Discount	5,92,042 4 10
2. Commission, Exchange and Brokerage	2,69,941 5 6
3. Rent.	Nil
4. Net Profit on Sale of Investment, Gold and Silver, Land Premises and other assets.	Nil
5. Net Profit on Revaluation of Investment, Gold and Silver, Land Premises and other assets	Nil
6. Income from Non-Banking Assets and Profit from Sale of or dealing with such assets.	Nil
7. Other Receipts.	34,745 1 7
TOTAL RS.	8,96,728 11 11

HARISINGH Chairman.

G. S. PUROHIT

Directors

D. L. MANSINGHKA

D. L. GUPTA.
Ex Officio Director.
&
General Manager

Note—The other directors have not signed the Balance Sheet and Profit and Loss Account being absent.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.4	359 2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
August 1953 ..	407.0	488.7	364.7	379.8	706.0	410.4	90 3	100.7	87.9	92.6
September „ c ..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October „ c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	*101.3*	87.1	93.0
November „ c ..	378.0	441 4	355.5	365.6	*715.2*	390.6	90.2	101.4	87.2	96.0
December „ c ..	367.6	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	*98.2*
February „ c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	*102.0*
March „ c ..	371.4	462.5	355.8	373.9	686.9	394.0	*90.4*	101.5	88.0	102.6
April „ c ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May „ c ..	366.2	464.9	362.6	381.1	689.5	396.1	90 2	101.0	88.1	104.0
Week Ending										
1-5-1954 ..	372.7	473.5*	365.0	383.6*	695.3	401.0	90.3	101.3	88.1	104.2
8-5-1954 ..	370.5	469.7	*364.0*	382.6*	691.0	399.1*	90.2	101.0	88.1	104.3
15-5-1954 ..	370.3	463 5	362.4	380.0	690.4	396.9	90.1	100.9	88.1	103.6
22-5-1954 .	360.8*	*462.6**	362.1	379.4*	687.1	393.2*	90.1	100 9	88.0	103.5
29-5-1954	357.2	455 4	359.7	379.6	683.2	390.4	90 1	101.0	88.4	104.3

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

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	—	—	—	—	196	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*	144
1953	346	362	275	140	*349*	453	387	147	*351*	147	156	145
1953 April	342	359	268	137	344	434	384	146	354	147	*148*	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	362	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	*152*
September	353	371	283	145	366	464	391	*154*	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	*148*	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	141
1954 January	346	363	269	139	325	442	377	144	353	149	—	142
February	331	348	257	138	316	432	—	—	353	151	—	—
March	332	349	257	138	319	416	—	—	345	150	—	—
April	—	—	—	141	—	426	—	—	341	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 12-5-1954			5-5-1954			29-4-1954			22-4-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	87- 4	84- 1	85-10	88- 2	86- 6	87- 7	91- 9	88-15	90-11	92-14	90- 5	*91- 8*
Silver (per 100 fine tolas)	158- 4	154- 7	156-13	160- 6	157-14	159- 4	164- 8	161-12	162-11	166- 4	161-10	163-13

INDIA'S OVERALL BALANCE OF PAYMENTS 1953

A. CURRENT ACCOUNT

(Crores of Rupees)

Item	Jan.-March 1953		April-June 1953		July-Sept. 1953		Oct-Dec. 1953		Year 1953 (Preliminary)		
	Receipts	Payments	Receipts	Payments	Receipts	Payments	Receipts	Payments	Receipts	Payments	Net
1 *Merchandise* (Exports f. o. b. Imports c. i. f.)											
(a) Private ..	127·3	97·8	120·3	114·8	121·9	108·9	156·3	104·5	525·8	425·9	+99·9
(b) Government, Food and Stores (1) ..	1·9	37·1	1·9	42·5	0·9	38·4	0·3	22·5	5·0	140·4	—135·4
2 Non-Monetary gold movement ..	—	—	—	—	—	—	—	—	—	—	—
3 Foreign travel ..	0·3	2·0	0·2	3·4	0·2	3·0	0·2	2·0	0·9	10·4	—9·5
4 Transportation (2) ..	7·4	4·1	7·0	4·2	7·4	2·9	8·8	2·2	30·7	13·5	+17·2
5 Insurance (2) ..	1·4	1·0	1·3	1·0	1·5	0·9	1·5	1 0	5·7	3·9	+1·8
6 Investment income ..	4·6	7·3	4·3	8·3	5·3	6·2	4·0	8·2	18·3	30·0	—11·7
7 *Government*, not included elsewhere	7·4	5·7	8·8	3·7	6·4	4·0	5·7	3·2	28·2	16·5	+11·7
8 Miscellaneous :	6·6	2·8	6·7	1·9	6·0	2·0	6·2	2·3	*25·6*	*8·9*	+16·6
9 *Donations*:											
(i) Official (3) ..	2·4	—	5·7	—	6·1	—	3·7	—	17·8	—	+17·8
(ii) Private ..	5·2	1·4	4·6	1·2	4·8	1·2	4·5	1 3	19·2	5·0	+14·2
9. (a) Unclassified ..	10·7	1·9	11·0	1·8	9·5	1·9	10·0	1 7	41·3	7·0	+34·3
10 Total Current Transactions ..	175·2	161·1	171 9	182·3	170·6	169·2	201·4	148·9	718·5	661·6	+56·9
ERRORS AND OMMISSIONS											+2·3

(1) Transactions under Government barter deals have not been included.
(2) The data given for the two items in this and the following table give only a partial idea of the transactions on the two accounts. The two items one more or less complete on the receipts side but in regard to payments only a portion of the expenditure is entered here. Payments for imports shown under item 1, are mostly on c.i.f. basis and therefore in-corporate all but a small portion of the expenditure incurred by the country on "Transportation" and "Insurance".
(3) Represents aid received under the Colombo Plan the Indo-U.S. Technical Agreement and grants from the Ford Foundation.

B. CAPITAL ACCOUNT

NET MOVEMENT INCREASING (+) OR DECREASING (—)

(Crores of Rupees)

Item	Jan.-March 1953		April-June 1953		July-Sept 1953		Oct.-Dec. 1953		Year 1953 (Preliminary)		
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Net Assets
Private (excluding banking institutions)											
11 Long-term Capital ..	—2·6	—4·7	—2·4	—3·6	—2·5	—1·8	—2.7	—2·1	—10·2	—12·2	+2·0
12 Short-term Capital ..	—0·1	+5·2	—	—0·5	—	—11·7	—	—9 8	—0·1	—7·8	+7·7
Official and Banking *institutions*											
13 Long-term Capital											
1 Official Loans ..	—	+0·4	—	+0 2	—	+0·4	—	+0·7	—	+1·7	—1·7
2 Bank Loans ..	—	—	—	—	—	—	—	—	—	—	—
3 Portfolio Securities ..	—	+0 4	—	+0·2	—	+0·2	—	—	—	+0·8	—0·8
4 Amortization ..	—2·6	—3·3	—2·1	—2·9	—2·0	—2·7	—2·2	—3·0	—9 0	—12·0	+3·0
5 Other Contractual Repayments	—	—	—	—	—	—	—	—	—	—	—
6 *Other*	—	—	—	—	—	—	—	—	—	—	—
14 Short-term Capital											
1 Payments & Clr. Agreements	—	—	—	—	—	—	—	—	—	—	—
2 Liabilities to I.M.F. & I.B.R.D.	—	—	—	—	—	—	—	—	—	—	—
3 Other Liabilities to official & Banking institutions	—	+5·5	—	+3·3	—	—9·9	—	—3·3	—	—4 4	+4·4
4 Other ..	+21·1	—5·0	—6·1	—4·1	—15·6	—2·5	+27·8	—4·7	+28 2	18·3	+44·6
15 Monetary gold	—	—	—	—	—	—	—	—	—	—	—
16 Total *Movement of Capital* & Monetary gold ..	+18·7	—1·5	—10·5	—7·4	—20·1	—23·0	+20·9	—13 2	+9·0	—50·3	+39·2

Source: Reserve Bank of India Bulletin.

Call to the Nation

THREE years ago, in March 1951, the people of India started to build themselves a better life. Our first Five-Year Plan aimed at growing more food, producing more goods, improving social services and creating more employment.

Progress so far has been impressive. We have already spent nearly a thousand crores of rupees in this mighty adventure of building a New India. We no longer depend on outside help for food. We have built huge dams like Tilaiya, set up thermal power stations like Bokaro, established factories like Sindri and constructed cities like Chandigarh. We make our own railway locomotives and assemble our own motor cars and aircraft. Through Community Projects and Rural Extension Service, we have laid the foundations of rural prosperity.

ALL-OUT EFFORT NEEDED. In spite of this progress, an all-out effort is needed during the remaining two years to achieve the target we set for ourselves. To pay for this effort India still needs about thirteen hundred crores of rupees.

The National Plan Loan is a Call to the Nation to rise to the occasion. The Five-Year Plan is the People's Plan. It is the people's duty to contribute their share to the success of this venture. **IT IS YOUR DUTY AND MINE.**

Subscribe liberally to

NATIONAL PLAN LOAN

(3.5% Interest per annum payable every half-year)

For further particulars apply to any branch of the Reserve Bank of India, Imperial Bank of India, the Hyderabad State Bank, the Bank of Mysore Ltd. or to any Government Treasury or Sub-Treasury.

Buy

NATIONAL PLAN CERTIFICATES

(4.5% Interest per annum at maturity)

Further particulars available from Post Offices doing Savings Bank business.

PROGRESS OF THE PLAN

FOOD	TARGETS for the Plan Period 1951-56	ACHIEVEMENTS upto 1953-54
	76·0 lakh tons (Additional production per year).	60—70 lakh tons
IRRIGATION (through major projects)	8,533,000 acres	3,556,000 acres
POWER	10,87,000 kwts.	7,24,000 kwts.
NEW ROADS	870 miles	447 miles
COTTON PIECE-GOODS	982 m. yards (Additional production per year).	1,163 m. yards
COMMUNITY PROJECTS AND RURAL EXTN. SCHEME	1,20,000 (villages)	48,750 (villages)
NEW SCHOOLS	49,695	29,723
NEW HOSPITALS	996	609

AC.566.

INVEST IN INDIA'S FUTURE

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 52, Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXII. NO. 26. NEW DELHI: JUNE 25, 1954. ONE RUPEE

SECRETARIAT LIBRARY MADRAS

CONTENTS

	Page
LEADING ARTICLES :	
THE MANDARIN AND THE COMMISSAR	1013
WOMEN WORKERS	1015
BATTLE FOR TRADE	1016
THE WEEK'S NOTES	1019
Guatemala—Aggression or Civil War?; M. Mendes-France Achieves a Miracle; Indo-China—A Turn for the Better?; African Democracy in Gold Coast; U Nu to Retire?; When Speakers Speak.	
OUTLOOK AND NEWS IN BRIEF ..	1023
WINDOW ON THE WORLD	
On us on "Some Causes of Economic Instability"	1027
SPECIAL ARTICLES :	
THE OUTLOOK FOR PRICES	1029
FINANCE FOR COMMONWEALTH DEVELOPMENT	1030
THE BUSINESS WORLD :	
Tea Propaganda in the United States ..	1032
Re-organisation of States	1032
The Swadeshi League	1033
The All-India Handloom Board	1035
BUSINESS NOTES	1036
Crisis in Manganese Ore Export; Nationalised Civil Aviation; Quality Enforcement for Plywood Tea Chests; Execution of Trade Policy; Roads in Transport Planning; Indo-British Trade: April 1954; United India Life Assurance Co.; Protection to Sewing Machines Industry.	
COMMODITY NEWS AND NOTES ..	1039
COMPANY AFFAIRS	1041
CURRENT STATISTICS	1045

The Mandarin and the Commissar

A CONSTITUTION devised to govern the destinies of the largest population in the world should have normally received much wider notice than that accorded to the publication this week of the draft proposals for the first Constitution of the People's Republic of China. This reception was mainly due to the absence of any high expectations about its general character. The features commonly associated with the Communist system of Government elsewhere have been repeated in the draft proposals, as indeed they were expected to be. It is an inseparable attribute of the Communist system that its essential nature cannot change under whatever name it is operated. The differences between the interim Constitution of the People's Republic and of the principles of the Draft Constitution now published—which, we may presume, will be adopted now without substantial change—are only nominal. It is inevitable that it should be so. In India on the other hand, between the transitional Constitution and the Republican Constitution, the difference was profound because the latter marked the emergence of a nation from a limited and partial, to a fuller, democracy. Here, the system of fundamental rights and adult suffrage brought about a radical change in the nature of the Government because the ideals of the nation and the manner of their realisation were defined by the authentic representatives of the people.

This is, therefore, another occasion to recall and to emphasize this difference of approach by the two countries to a common problem. As an instrument through which a whole nation should seek to fulfil its destiny, the Indian Constitution was forged on the anvil of public opinion, after the metal had been subjected to the fires of Indian and foreign, especially Western, influences. The product was conditioned by India's past as well as her more recent history. The word "[illegible] does not-

ism" was one of those too facile and superficial generalislations of European scholars who chose to compare the medieval sultanates and eastern empires with the Tudors, or Louis XIV or the Prussian Emperors. It is now being realised that such an easy generalisation about the Orient would hardly be supported by history. The Indian Rajadharma concerned itself deeply with the obligations of kingship; and the breaches of this Code were, perhaps, not more frequent than the recurring authoritarian trends within democratic or quasi-democratic constitutional governments. In its choice of the well-tried and more modern Western forms of regulating State power and using it to the common benefit, India was not making such a violent departure from her tradition, as the establishment of Western institutions of administration may at first suggest. There has been a conscious and deliberate choice by Indian leadership in this matter because of the conviction that these institutions can be successfully worked. There is no reason to believe that the future will prove this faith to have been excessively optimistic.

There is perhaps a similar element of advance determination of the course of Chinese politics and history. So long as the influence of Confucianism prevailed to enforce loyalties, the Chinese Mandarin was sufficient instrument of authority to fulfil the purposes of the Empire. The Mandarinate was a professional bureaucracy which combined with the authority of the Empire to enforce the status quo. If the Republican revolution had consciously sought to broadbase its power on popular contentment, the Mandarin could have proved an equally handy instrument of popular will. But the Kuomintang proved no less authoritarian, in spite of the hopeful origins of the Republican regime in 1912. It proved totalitarian to the point of outlawing opposition. Chiang Kai-shek's ideology, as revealed in his two books, proved anti-democratic and feudal, resulting in the enthronement of an oligarchy. The present succession of Communist totalitarianism may thus mark no serious break with China's past. The Communist Commissar would not be as scholarly or competent as the Mandarin of old because he has to work in a context in which the cementing force of Confucianism has been violently broken up. That condemns his tasks to become more brutal in enforcing conformity to the purposes of the new State but in its essential character of the denial of the special status to the human personality there is no new departure. Even the great Sun Yat-Sen is reported to have said that "in order that all members may be united spiritually, the first thing is to sacrifice freedom."

Thus in the status accorded to the individual, India and China have differed violently and seem destined to do so because of their history. Competent historians have attributed the difference to the interval, during the last two centuries, which was helpful for India to revive the best in her own past and absorb the more healthy among the recent Western influences which drifted eastwards. It was not merely a matter of assimilation of Western techniques, for Japan had demonstrated that science and techniques could be borrowed without absorbing the core of recent Liberal European thought. A verdict on the growth of the Western democracy—which was grafted on to the Japanese oligarchy—would be premature yet, as there remains a good deal of uncertainty. It is, however, true that Indian experience would in the last resort provide encouragement or act as source of strength to the democracies in the other Asian countries around—Pakistan, Ceylon, Burma, Indonesia and the countries still striving to emerge into national status.

In drawing liberally on the Constitution of the Soviet Union, the Draft Constitution of the People's Republic has ensured that the time-worn Communist cliches are fully incorporated. Perhaps the most significant among the draft provisions is the one relating to the affirmation in the preamble of the "indestructible friendship" with the U.S.S.R. and the people's democracies. At best, such a declaration seems out of place in a country's constitution. At the worst it can be construed as an acknowledgment of a permanent political orientation which is connoted by the term "satellitism", which dispenses with the principles of "equity, mutual benefit and mutual respect for the sovereignty of territories" enunciated for developing Chinese diplomatic relations with all other countries. It was the clear lesson of Titoism that being a people's democracy did not ensure mutual amity to the point of exalting into a constitutional mandate the desire for "indestructible friendship". It is, however, useful to make it clear to those who have hoped that China might strike a path of her own in adopting Communism that the close dependence on the Soviet Union makes vain such hopes.

There is little that is new in content in the various slogans such as "people's democratic dictatorship" and "peoples democratic State led by the working class and based on the alliance of workers and peasants". Obviously, there will be some nominal concessions to private ownership and means of production. Article 10 of the Draft is reported to be designed to offer protection to ownership of the means of production and other property of capitalists which the State is "to use, restrict and transform". It might be tempting to a Marxist to believe that thereby even the totalitarian Socialist society could achieve the elusive golden mean in which all the beneficial qualities of capitalist industry and commerce would be secured without any of its unwelcome features. But it is common experience that no institution can be worked just that way and the tendency of the State to interfere, which is objectionable enough when it is done by the bureaucracy in a democratic set-up, would not prove less objectionable when it is a Commissar even in a police State.

This phase of Communist dictatorship in China is still regarded as one of steady transition to the Socialist State. The conditions for maintaining some of the older institutions and agencies which are not strictly consistent with Communist doctrine have been provided. The sheer impracticability of creating sufficiently trained or competent agencies of State to take over all the productive activity of the country should in any case enjoin caution. One can only give the Communists the credit for being not too impractical in the name of their doctrine and China may perhaps learn to avoid some of the more costly Russian mistakes. There is little in all this to provide the consolation that the fears of the worst about the system of Government in China have been mitigated or proved unfounded.

The view that these two great Asian countries have traversed similar paths in history seems superficial. They have, however, now chosen wholly different roads for their future progress. The climate in which each country has to function would inevitably cause divergence in approach. "Peaceful co-existence" can yet provide the basis for a common measure of understanding but there is nothing particularly denoting greater proximity among them as Asian countries. The first signs, particularly on Tibet, proved highly discouraging to Indian opinion. At Geneva, the outlook has now changed quickly in the direction of optimism and Mr. Eden has expressed himself in hopeful terms about the prospect of peaceful co-existence. Prime Minister Chou En-lai's visit to Delhi today, which is taken as reinforcing this view, is also bound to raise great expectations on this point. We may continue to entertain the hope that some at least of these expectations will be fulfilled.

Women Workers

THE report on the economic and social status of women workers in India, which claims to be the first comprehensive one of its kind, is a laudable though not entirely satisfactory attempt to spotlight attention on a little-known subject. The surprise is that the literature on the subject is so poor. The proportion of women to the total number of self-supporting persons and earning dependents in this country is a little less than thirty per cent; self-supporting and earning women together number about 41.75 millions. In many parts of the country, in the terai, for example, the weaker sex more than shares the drudgery of the daily routine. As one goes down the social scale, the distinction of sex ceases to matter for purposes of economic activity. Bhil women accompanying their men into battle, kolta women of Orissa filling panchayat offices, tribal women pampering their menfolk, and numerous other examples of this kind make this an eastern problem which is really sui generis. Comparison with the west would be invalid.

As it is, the enquiries reveal much that is known, but also much that is unsuspected. The preponderance of women in industry is definitely related, for example, to the availability of unskilled occupations—like mining in Bihar, 'maghi' jobs in the jute industry, textiles in Madras, and coir and cashewnut processing in Travancore-Cochin. This means that it is both easy to get employment and to be thrown out of it; as factory legislation has prohibited particular jobs for women and as rationalisation proceeds, there is a decline in the percentage of women employed. No serious situation has yet been created—regulations like the ban on employment underground have been accepted cheerfully. But a problem of maladjustment of supply and demand exists already. There is a reported surplus of clerical labour and the employment exchanges have found that women on their lists are generally unwilling to accept rural employment. These are symptoms which may indicate embarrassments in the future.

Some case histories have been appended. One might have wished for a larger and more representative sample than that which has actually been supplied; and the pattern of family spending might with advantage have been investigated—there are surely families employed in Calcutta, Bombay, Coimbatore, and elsewhere, where the joint earnings must have raised the standards of life very considerably as compared with the pre-war period, although, as the report points out, the absence of a home life for the children has to be taken into account per contra. The case histories reveal, however, that four to five hours per day have to be spent in addition on duties at home by women who have done the statutory eight (or somewhat less). While the labour and human suffering involved in this is great, particularly for those employed in agriculture (more than three-fourths of the total number of earning women) or for those in industry, the level of existence at which this work is performed is unfortunately such that niceties of equity such as the income-tax treatment of earning women cannot apply. The problems of working women in the east and the west are vastly different.

This should be apparent also from the history of the case for equal pay. For some reason which is not clear to the eastern mind, this has proved to be a thorny question in the west. Eminent economists like Pigou and MacGregor have tendered evidence before the Asquith committee, canvassing rival points of view on whether the claims of national progress, which might be interpreted to mean an increase in the national dividend, or of justice as between men and women, should be deemed important. The fight for women's rights has been long and arduous.

It is unnecessary to go so far as to say that this problem does not exist in India. Conflicting pronouncements by labour tribunals on this as on other matters have been extracted in this report; and there is a distinct difference in wages. But the question has never been important enough to become an issue. It seems probable that as women drop out from industry, when unskilled jobs become scarcer, when the standard of life improves so that there is not the same need to supplement the husband's wages, and as training for skilled jobs begins to appeal to women, equality in pay will be established; and whatever obiter dicta may now be contained in tribunal reports, it will probably be accepted as a matter of course.

The really important questions to which this report draws attention are others besides equal pay. They are questions like absenteeism, health and miscellaneous welfare services, training for women, and regularity of employment. It is pleasant to be able to record the finding that creche and maternity services are generally regarded as satisfactory. But that goes only a small way and does not dispose of the problem of raising the productivity—and wages—of women's labour.

The usual but superficial attitude to absenteeism, which as the figures reveal was as high as 40 per cent in the case of faltu or basti labour on the tea plantations a few years ago, is one of helpless resignation. But it is fortunate that this report does not take this easy line. Agricultural work during the season continues, of course, to be important. But health measures to eradicate malaria, anaemia, etc., proper education, and an appreciation of the importance of the amenities which depend on regular attendance could reduce the percentages significantly. There is no particular reason why absenteeism of female labour should be so markedly different from the general experience.

The report records the fact that technical training does not appeal to women. This seems to be a sweeping statement, however,—in view of the social and other changes which have been possible in this generation. Quite obviously, since radio training and draftsmanship were provided at one centre but could not be used, the fault must again be that of the administrative set-up in the training organisation. The experience with reference to literacy varies; in eight of the silk mills of Bombay the literacy percentage has varied from 0 to 40. This and questions like tackling infant-mortality and spreading membership in the co-operative movement should be tackled vigorously as a result of strengthening welfare state in the case of factory employment, and elsewhere by expanding the activities of the Central Social Welfare Board—now that it has got some funds to spare.

There is a vicious circle with reference to the employment of women in industry in India, as there is a vicious circle in the United Kingdom. In the United Kingdom, the vicious circle has reference to pay. Some employers are convinced that there is a case for equal pay, but on the principle that wages should be fixed on "fair relativity" basis, the Treasury has been unable to give a lead, so that differential wages get perpetuated. In India, the emphasis is less on pay and more on relative efficiency and on measures to improve conditions, as promoting that efficiency and in general productivity. Improvement of the conditions in which women are employed and an increase in production can and should be achieved simultaneously. The vicious circle of willing but illiterate and ill-equipped women deserving no more than the treatment which they now get can be broken without burdening anyone, for fortunately for us in this country there is no conflict between increasing the national dividend and improving the status of women.

Battle for Trade

THE fourth report on east-west trade trends, presented to the Congress last month, is a document written from a particular point of view. That point of view can be summarised in one sentence. The United States has reiterated the fact that trade and politics are inseparable and has thus discarded the view that exporting to the east is necessary in order to sustain the free economies, or that strategic imports from behind the curtain will have to be allowed (the licences issued for essential and hardship imports from Communist China and North Korea have been few and ancient). The United States thus confirms the point of view of the U.S.S.R.; this is a question which is part of the larger strategy, and has no intrinsic importance by itself. The report goes behind the statistics of 1953, and seeking a political explanation of the paradox that the last year has not been too good from the point of view of east-west co-operation, in spite of Russia's new economic policy, from which much was hoped, it points to the conclusion that the growth in the volume of this trade may fail to become significant at all at any time in the future.

This is, of course, not a conclusion which would surprise anyone. The Battle Act of 1951 has now become very nearly non-controversial not only in the United States but also elsewhere in the free world—although the legislation is not quite three years old. The Soviet bloc's proposals to buy Bolivian antimony and Chilean copper have not been acceptable to the potential sellers from these countries for example. Latin America, except for Argentina, has followed United States policy faithfully. Even the Argentine's trade agreement can be judged only sometime in 1955—and perhaps, it will not indicate after all any serious departure from the general pattern.

Expectations are no longer great. The reasons why so controversial a measure as the Mutual Defence Assistance Control Act, which was attacked with some enthusiasm till recently, has become a part of the accepted order of things now are both interesting and instructive; and all those who are concerned with this question, from the E.C.E. to private Britishers or Americans who want to trade with the Communist bloc (and some American firms at any rate have not been objecting to the role of middlemen in effecting the sale of the C.C.C.'s butter to Russia) cannot any longer be indifferent to recent developments.

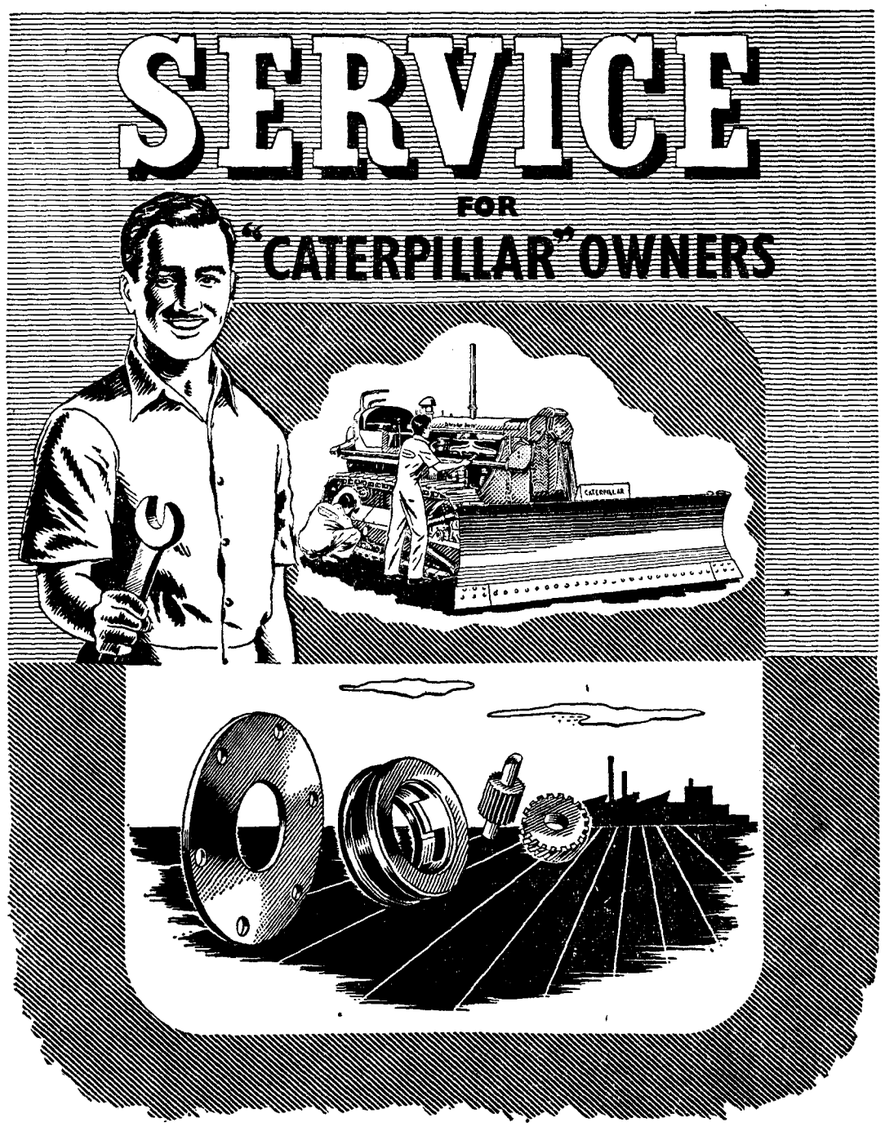
One outstanding recent trend is the disappearance of the eastern grain surplus. A number of reasons explain this—the state of Russia's agricultural economy, which has necessitated Kruschev's new farm policy, being the most important reason on the supply side and the restoration of private trade in grains in the United Kingdom being an equally important reason on the demand side. The dwindling exports of grain, however, do not explain everything, although they explain much. Prices and deliveries under the new series of trade agreements between the Soviet bloc and the rest of the world have not been found suitable. Russian imports have notoriously been below the promises made at the Moscow conference, of course; the diminution continues and the fall in 1953 has not been made good by the efforts of the British party of visiting businessmen. It could not be. Althought British exporters have entertained hopes, political uncertainties, arbitration clauses referring to the Chamber of Commerce of the Ministry of Foreign Trade, and gold, platinum, manganese and chrome and oil exports from Russia have prevented trade, or made it unnecessary for the Soviet bloc to implement in practice its intentions of financing a larger volume of consumer imports into the bloc.

And, basically, suspicion continues. The ulterior aim of Communist trade policy, which is either independence from the free world, as expounded by Lenin, Mishustin, and Voznosensky, or the creation of two world markets, which will lead in due course to the capitalist crisis, as expounded by Stalin, is more than suspected; it can never be forgotten long enough for trading contacts of value to be established in the wake of the new agreements. Moreover, the sudden appearance of the Soviets in the world markets and their equally sudden exit from them—manganese and chrome being recent examples—unsettle the trade, and are bound to make long-term buyers cautious. If Soviet policy is to organise fairs, make promises and otherwise keep interest in the eastern trade alive, but not to increase it on the basis of firm orders, the initiative will always rest with the bloc's giant trading corporations or other agencies. A two-way traffic for this reason seems to be impossible.

This is so far as the trade with the Soviet bloc goes. The trade with China has been at much lower levels throughout. Exports to and imports from Communist China have been prohibited in the United States. As for the rest of the free world, German, French, Japanese, and even British exports increased somewhat in 1953. But this increase in the free world exports was more or less made up by the loss of exports of Hong Kong and Pakistan. Strategic exports to China are blocked in the terms of the United Nations resolution of May, 1951, and this operates as a restraint. But the severity of the terms imposed by the Communist Government has also prevented any expansion, in spite of some recent relaxations on matters of detail, consistent with the spirit of the U.N. resolution. Payments for imports from China have to be made in advance by means of letters of credit, for example; and a government certificate of inspection within Communist China leaves the overseas importer more or less helpless. Payments for exports to Communist China are delayed, at the same time; and the local government's certificate of inspection may again be unhelpful.

The result of this growing gap between the Communist ideal of an expanded east-west trade, to which the U.S.S.R. and satellites have been committed, and the actual policies followed by the governments has been a reduction in the total volume of the free world's trade both ways, with both the Soviet bloc and Communist China. This trade amounted to somewhat less than 3 billion dollars in 1953. This is not an impressive figure, of course. If this is all the trade that has taken place, when circumstances have been about as favourable for an increase as they are ever likely to be, the future outlook cannot be bright; and many of the arguments used in this controversy over reopening the eastern trade will be destined to become more and more unreal.

It is because the fourth report on mutual defence assistance control has analysed this vexatious problem in this perspective, indicating very clearly that both natural and Communist-devised impediments to the free flow of trade have been of greater importance really than any restrictions imposed by the Battle Act, that the report will repay study. For a reasonably long period now, the democratic nations of the world have nursed the illusion that some day, and some time, the trading partnerships of the pre-war world can be restored; that trade can then cross frontiers; and, on Bastiat's principle which has been quoted in this context, trade having once crossed the frontiers, the armies will not have any need to do so. The time may not have arrived for us to write off these hopes entirely. But if recent experience means anything, it should mean that these hopes are now becoming dim.



Caterpillar
REGISTERED TRADEMARK

DIESEL ENGINES - TRACTORS
MOTOR GRADERS
EARTHMOVING EQUIPMENT

Your "Caterpillar" Tractor needs regular maintenance and service. We have all facilities for servicing, repairing and replacements from a large stock of spares. Write to your nearest distributor for particulars.

"CATERPILLAR" DISTRIBUTORS IN INDIA

CALCUTTA
TRACTORS (INDIA) LIMITED
P. O. BOX 323

BOMBAY I
LARSEN & TOUBRO LIMITED
P. O. BOX 278

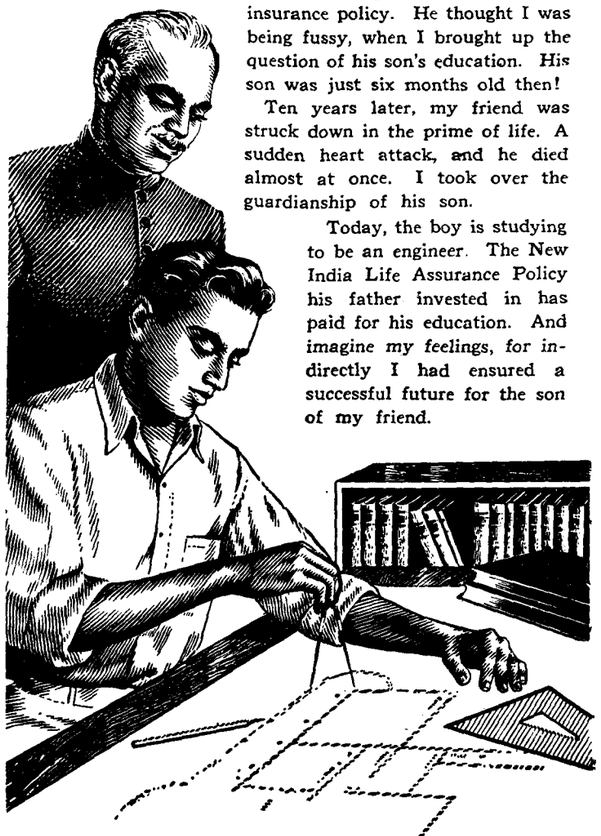
NEW DELHI
WILLCOX (BUCKWELL INDIA) LIMITED
P. O. BOX 289

Sales and Service

CATG/1B

NEW INDIA STORIES FROM LIFE 2

'My advice saved this boy's future!'



Years ago, I persuaded my good friend and neighbour to take out an insurance policy. He thought I was being fussy, when I brought up the question of his son's education. His son was just six months old then!

Ten years later, my friend was struck down in the prime of life. A sudden heart attack, and he died almost at once. I took over the guardianship of his son.

Today, the boy is studying to be an engineer. The New India Life Assurance Policy his father invested in has paid for his education. And imagine my feelings, for indirectly I had ensured a successful future for the son of my friend.

An insurance policy taken out now may one day stand between you and disaster. For full information, write to

THE NEW INDIA ASSURANCE CO. LTD.,
Mahatma Gandhi Road, Bombay 1.

NI. 8993

THE WEEK'S NOTES

GUATEMALA—AGGRESSION OR CIVIL WAR?

It is hardly likely that the U.S. State Department's view of the trouble in Guatemala that it is an internal rebellion would be widely accepted. The American desire to purge the American continent of Communist influence has been well known. British policy in British Guiana and in British Honduras has been primarily designed to meet the American wish to take no chances in these areas. The Government in Guatemala has been professedly Liberal, but it has relied on local Communist support. Its programme of land nationalisation had seriously affected the American-owned United Fruit Company which had held the largest share of the good land, besides some other European-owned plantations. These socialist measures were inevitable as the present system of government was based on the overthrow of the Rightist dictatorship of Gen. Ubico ten years ago. But the exact measure of pro-Communist leanings of President Jacob Arbenz has never been determined. The view has been held that the President may at a suitable moment rid himself of Communist support but it was highly unlikely that he would ever reverse his land nationalisation.

Obviously, the dissatisfied elements in the Guatemalan population—mainly belonging to the middle and professional classes who had kept aloof—have with outside aid and arms support launched an offensive. Honduras and Nicaragua have been mentioned as the most likely sources of such help, because they have received arms aid from the U.S.A. The population of Guatemala—only about three million—is 60 per cent of American Indian descent, the rest being of mixed Spanish and Indian blood. Whether a majority of the population which is backward will support the invading rebels may be doubted. But the display of superior force may be sufficient to overawe them. This will not in any case be new to Latin American Republics, where Caudillos have enacted many dramatic day-time revolutions. In the present case, however, it is viewed as a facet of the cold war.

At the Caracas Inter-American Conference Guatemala had voted against the proposal to co-operate against the spread of Communism. Later, Guatemala has been accused of importing Polish arms and the recent United States request to search British shipping has been rejected by the Government of the U.K. It was thus clear that Guatemala had gradually gone far in complicating its position through foreign intrigues which hardly corresponded to the status of the country, its population and resources and the obligations of its membership of the Inter-American system and the close economic link with the U.S.A.

M. MENDES-FRANCE ACHIEVES A MIRACLE

In voting M. Mendes-France into power, the French National Assembly achieved something unprecedented in recent years. The choice was made very quickly, without several rounds of negotiations and without considering several suitors in succession for this office. The support was also overwhelming, responding generously to M. Mendes-France's condition that he needed an absolute majority exclusive of the support of the Communists. The outcome was a clear mandate for a settlement on Indo-China on which M. Mendes-France has staked his political future. That the French Assembly could thus come to a decisive choice of the man of the hour is a near-miracle. It proves the existence of a mood of anxiety over Indo-China, over which France has lost heavily in men and material, and on which, it is now disclosed, Frenchmen have been kept very scantily informed. M. Mendes-France has given abundant indications of the kind of settlement he would try to secure for Indo-China and in voting for him the French Assembly has regarded as satisfactory that peace in Indo-China will be sought only on honourable terms.

On his part, M. Mendes-France has given the assurance that he will seek a cease-fire in Indo-China in 30 days (by July 20) or resign. This time-limit was a tactical stroke of policy because it places an obligation on the Communists to make the best of the existing favourable conditions without dragging on the negotiations. The sudden change last week of the Communist position on Laos and Cambodia was presumably very influential in the French Assembly's vote and the new French Premier has himself taken up the Foreign Affairs portfolio. The differences have thus been greatly narrowed and with the minimum of reasonableness on the part of the Communists, the objective need not be difficult of realisation. If the new French Premier succeeds in his immediate objective, it seems likely that he will be able to carry through his economic policy and decide the question of the ratification of the E.D.C. on which he is credited with clear-cut ideas even if they are not of the kind which the United States would like to see implemented.

INDO-CHINA—A TURN FOR THE BETTER?

Mr. Chou En-lai's new proposals on Laos and Cambodia which prevented at the last minute a breakdown at Geneva were wholly unexpected. If they were intended only to influence the voting in the French National Assembly, there is now an obligation to live up to them. Till now the question of Viet Minh troops was regarded as more difficult than the supervisory commission for the armistice. If the Viet Minh—"volunteers" as they have been called—agree to withdraw from these two States without demanding any special status for the subversive groups within it, it would be a great gain. The question of regrouping within Viet Nam has also been agreed upon. The original Communist purpose seems to have been to demand the scattering of the Viet Minh in various pockets so that they could apply Trojan horse tactics later. But such schemes had never any chance of acceptance and the indications are that the regrouping of forces by the two High Commands would be sought along boundary lines which can be firmly held or the transgression of which can be clearly detected and treated as constituting aggression.

This is a matter now depending largely on the success of the staff talks between the two High Commands and on the result of the direct negotiations which M. Mendes-France will conduct with Prime Minister Chou En-lai and the Viet Minh Foreign Minister. The question of armistice supervision would then remain to be settled. The Washington trip of Sir Winston Churchill and Mr. Eden may partly decide the final Western stand on this matter. Whether there will be insistence on the "Colombo Powers" by the West and on the inclusion of Communist countries by the Soviet Union will depend on the progress on the regrouping also. It is conceivable that the Soviet Union may agree to the inclusion of another Western ally in the armistice commission of four already proposed by her—making in all two Communist and two decidedly pro-Western Powers with India again as neutral chairman. This may not be unsatisfactory, even if it is obviously unpalatable to American opinion.

AFRICAN DEMOCRACY IN GOLD COAST

The Gold Coast has been for some time the brightest star in the African firmament—perhaps in the en-

tire British Colonial set-up. The recent elections have largely confirmed the optimistic expectations. There was a time last year when a cloud seemed to settle on its political horizon, when charges of corruption were laid against the Government including its leader, Dr. Kwame Nkrumah. The inquiry which followed maintained perspective and served its purpose for the future, without damaging the prestige of the leader. The recent elections have resulted in a victory for Dr. Kwame Nkrumah's Convention People's Party which has secured 71 out of the 104 seats. The smooth constitutional progress in this colony is largely the result of the great moderation shown by Dr. Kwame Nkrumah. There will be a larger measure of self-government, though the Governor's reserved powers over external affairs, public services and defence will continue until the Gold Coast achieves the goal of independence within the Commonwealth. All this stands in marked contrast to the setback caused in British Guiana and British Honduras because of the shortsighted extremism of the leaders or to other areas like Buganda and Malaya, where seeds of discord are being sown because of high-handed colonial policy.

Three years of co-operation between the African leaders and the British civil service has led to this experiment with a wholly African and wholly elected Legislature. The electoral verdict ensures the continuation of this co-operation. There are still some internal dissensions, within the C.P.P., many members of which were recently purged, and misunderstandings between the backward North and the advanced South. Recent years have brought economic prosperity to the colony which has provided a suitable climate of contentment. There is sufficient justification for the optimists to hope that Gold Coast will soon take its place as a full member of the Commonwealth.

U NU TO RETIRE?

The announcement by Prime Minister U Nu of his desire to be relieved of his post is bound to cause anxiety about the political future of Burma far beyond the borders of Burma. As a devout Buddhist his urge to seek withdrawal from political office has been recurrent. He took office during a troubled and perilous phase of Burma's political history when General Aung San and his colleagues were assassinated. The restoration of law and order was hardly within the resources and experience of his government but under U Nu progress was steady even if slow. The Burmese Prime Minister has been characteristically modest in recounting the progress made. "Muddling through" he said, "I have come to the present stage." It was this self-effacing quality in him that helped to gather round him a team which worked in a spirit of unity. U Nu declared last week that there was no rivalry, no intrigue and no malice among his colleagues and if any of them had wanted to take over as Premier, he could have done so long ago. That is a great record, and except in India, it is unmatched in any of the new democracies.

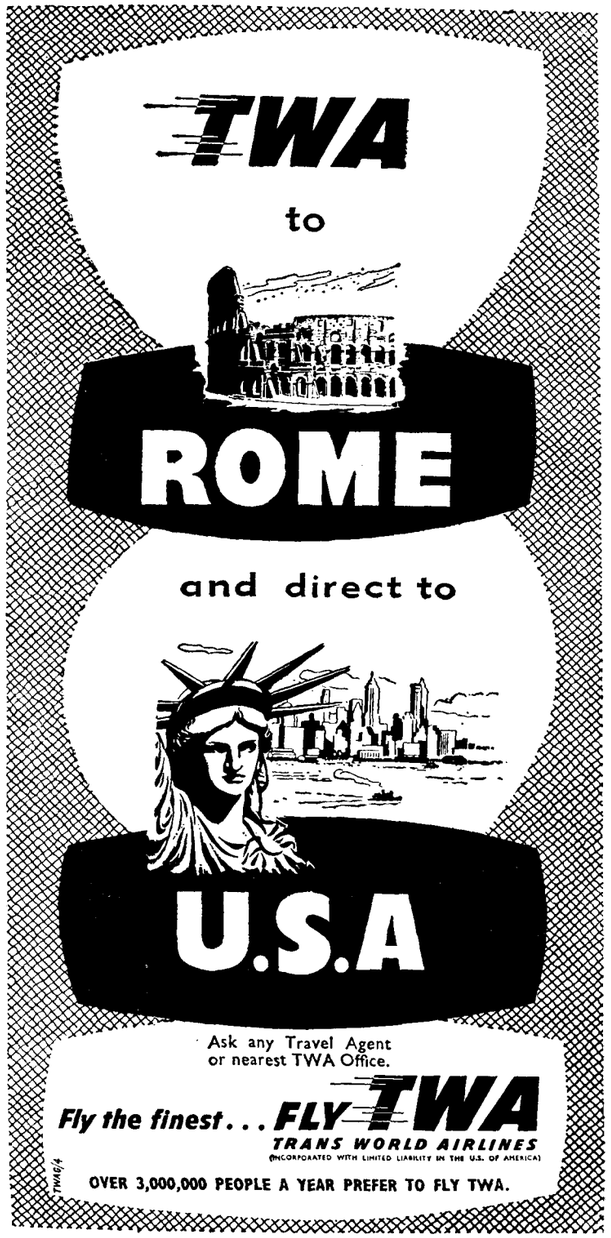
For any person who has been once in politics and has withdrawn with a good reputation, there is no such thing as a permanent retirement. U Nu does not intend to keep himself away if ever he should be needed by his country, and being 47, he is young enough to be available for his country for a very long time. His is probably an exceptional case of a distinguished leader giving way of his own accord to other able lieutenants of his choice for attempting the task of government in order to train up leadership for the country. There is still a chance, however, that Prime Minister U Nu may be persuaded to continue for another two years till the next elections. If that comes to pass, Burma's friends abroad would be as happy as the leaders of the AFLPL who have made the request.

WHEN SPEAKERS SPEAK

Of the many conferences which Kashmir's climate and scenic beauty attracted this year, the gathering of Speakers and their secretariat chiefs was important for some of the subjects discussed. The question of arrest of a member of the Legislature during a session and within precincts of the House was discussed and the conclusion was that while arrest was to be prevented during a sitting it can be made with the permission of the Speaker at the end within the precincts, and that only a report need be sent if made outside. The ticklish question of disciplinary control of a member of one House by the other House was raised but its full implications have not been discussed. The real issue that arises in this connection is the extent to which parliamentary privilege can restrict the freedom of speech and expression open to every citizen. The assumption is that a member's privilege entitles or may entitle him to a greater measure of freedom than the citizen in criticism. This is quite an undesirable principle to establish. There has been a marked but unhealthy tendency for Legislatures to resent criticism even when it serves a public purpose merely because it may tend on occasion to appear to be disparaging. The Speakers are the custodians of House privileges but it is doubtful whether on this matter they should be the final authorities. If freedom of expression is to be limited merely because of the tendency of Legislatures to invoke privilege, it is a matter to be greatly deprecated.

THE
UNITED
COMMERCIAL
BANK LTD.
Head Office : CALCUTTA.
PAID-UP CAPITAL :
Rs. 2 CRORES.
RESERVE FUND :
Rs. 80 LACS.
FOREIGN BRANCHES :
IN PAKISTAN :
Chittagong, Karachi.
IN BURMA :
Rangoon, Moulmein,
Akyab, Mandalay,
Bassein.
IN MALAYA :
Singapore, Penang.
IN UNITED KINGDOM :
London.
ALSO AT :
Pondicherry, Hongkong.
Agents throughout the world.
All Types of Banking business transacted.
G. D. BIRLA
Chairman.
B. T. THAKUR
General Manager.
INVEST IN OUR
3-YEAR
Cash Certificates
ASP UC-3/54





WORLDGRAM

AGRICULTURE

Singapore Agreement on Higher Wages for Rubber Workers: An agreement reached between the Malayan Planting Industries Employers' Association and the Committee of Workers' Unions provides for the payment of higher wages to rubber tappers and field workers as from July 1. Details of new wage scales have yet to be worked out, though these scales will be higher than the Taylor recommendations which were rejected. The new scheme covers a range in the market price from 50 to 65 cents per lb. and a new settlement is to be negotiated, if the price goes above or below this range. Rates are to be based on the coverage price for the last quarter. A new system of cost-of-living allowances will reduce wage fluctuations, and machinery to effect regular joint consultations will be established.

* * * * * * *

Canadian Wheat Surplus Record: World competition and declining exports may compel Canada to carry over a record 577 million bushels of wheat into the next crop year. This surplus is a result of decreased world demand and larger Argentine exports at 86.6 million bushels in the nine months of the current crop year. In this period, Canadian exports dropped from 249.6 million to 186.2 million bushels. U.S. and Australia—exporting partners in the International Wheat Agreement—also suffered. U.S. exports fell from 260.9 million to 145.1 million bushels, Australian from 68.0 million to 43.5 million bushels. The Canadian Minister of Trade announces that a price reduction may be necessary to maintain world sales (Canada was providing about 40 per cent of world wheat in international trade). Recently Canadian wheat prices were reduced by 10⅛ cents to 1.725 dollars on the top three grades, matching a similar reduction by the U.S.

* * * * * * *

More Women Than Men Engaged in Indian Agriculture: A recent survey by the Indian Central Ministry of Labour Survey reveals that 1,55,48,181 women were engaged in agricultural work as compared with 77,04,657 men in the whole of India in 1950. The disparity is seen most clearly in Madhya Pradesh with women and men workers respectively numbering 34,76,629 and 11,84,720; Uttar Pradesh with 48,81,590 and 17,68,490; Bombay with 33,72,358 and 12,26,690; and Madras with 10,41,284 and 8,35,283. In other States also, women predominate numerically over men in agricultural operations though the disparity is less marked.

* * * * * * *

Loss of Food Through Faulty Storage: Working towards saving approximately 2.5 million tons of food grain lost to the country through faulty storage, the Indian Standards Institution has prepared blueprints of a number of Indian Standards dealing with handling, transport and storage of grain. Food grains are to be stored in structures of standard types, suitable for a specific climatic region in the country. Apart from rural food grain storage structures other structures suitable for trade and Government purposes are planned for the five main different climatic regions in the country, namely: (a) Northern Region, comprising Jammu and Kashmir, Himachal Pradesh, etc., (b) Central Region, comprising Rajasthan, Punjab, Uttar Pradesh, Madhya Bharat, Madhya Pradesh, Vindhya Pradesh, Saurashtra, etc., (c) Eastern Region, comprising Bihar, Orissa, Bengal, Assam, Manipur, Tripura, Madhya Pradesh, etc., (d) Southern Region, comprising Hyderabad, Mysore, Madras, Bombay, Madhya Pradesh etc., and (e) Coastal Region, comprising Travancore-Cochin, Madras, Coorg, etc.

Burma Government Gives Land to Landless: The Burma Government expects to distribute about 6,300,000 acres of land to landless cultivators by the end of 1956. Next year one township in every district will come under the scope of Land Nationalisation Act, and will apply to all the remaining areas by 1956. Ceiling holdings possible for each household under the Act are 50 acres of paddy land, 25 acres of arable land, and 10 acres of rich alluvial land. There is no limit for rubber plantations.

* * * * * * *

Labour Inquiry Committee's Report: The average monthly earnings of "adopted agricultural workers" in Part A, B and C States range generally from Rs. 38 to Rs. 50, Rs. 25 to Rs. 44 and Rs. 15 to Rs. 60 respectively, according to the findings of the Agricultural Labour Inquiry Committee appointed by the Union Government. The Committee states that casual workers formed the bulk of the agricultural labour force and wages were paid to them by landlords according to the duration and quantity of work turned out by them. Permanent working forces were largely composed of men and the ryotwari tenure had now gradually become universal in all States so far as 'adopted workers' were concerned. It is estimated that the total average expenditure of an agricultural family in India is Rs. 468, of which Rs. 395 is spent on food (85 per cent) and the balance on clothing, footwear, fuel and lighting and miscellaneous other items of expenditure.

INDUSTRY

Large Orders for British Aircraft: More than 20 overseas countries have ordered British civil aircraft powered by air-screw turbines or turbo-jet engines. Of the 200 aircraft on order more than half are for export. Nine countries are making 14 types of British aero-engines under licence, of which all but two are gas turbines. The latest contracts signed for Vickers Viscount airliners bring the value of export orders for gas-turbine transport aircraft to about £33.5 million. In addition a military version of the Bristol Britannia airliner is to be built under licence in Canada to fulfil a £70 million order placed by Canada for its Air Force.

* * * * * * *

U.S. Construction Rate Continues High: U.S. construction industry reached a new peak in May, 1954. Expenditure for new construction during the month totalled $3,100 million; construction spending since January totalling $15,200 million. This record level of spending is a result of unprecedented activity in the construction of office buildings, shopping and service establishments, schools, churches, public utility and water and sewer lines, roads and highways.

* * * * * * *

U.S. Technical Assistance to Indian Industry: An Indo-U.S. Government agreement providing for technical assistance to certain Indian industries mainly in the private sector for increasing their productivity and improving their management was recently concluded. The assistance would be of the value of $805,000 and will be mainly in the form of provision of productivity teams and individual experts in these fields and the required supporting equipment, supplies and technical literature.

* * * * * * *

German Shipyards Busier: Between January and May, West German shipyards received contracts for 140,000 gross registered tons of new shipping, roughly equal to orders received throughout the whole of last year. The industry now has orders in hand for 1,200,000 tons of sea-going vessels. This figure does not include fishing vessels. Deliveries are now being made at an

annual rate of 900,000 tons as against the 725,000 tons produced in 1953. Last year was a record one.

FINANCE

£ 3 Million Greek Loan Floated: For the first time in years, a voluntary £3.575 million internal loan was recently floated. Coupled with this is the announcement that a settlement of Greek foreign debts is to be negotiated next month. The effect is likely to be the stabilisation of national economy and a restoration of Greek credit. The loan is repayable with a dollar clause in seven years at 5 per cent interest. Bonds are being sold at 150 drachmas (35s. 9d.). Interest and lottery prizes are exempt from taxation, and loans from banks are obligatory up to one half the nominal value of bonds deposited as guarantee. The loans proceeds are to be used towards improving standard of living.

* * * * * * *

A Million-Ton Food Grains Reserve Storage Facilities Project Signed: Adequate storage facilities for food grains reserve are proposed under a recent agreement between the Government of India and the United States of America. The total estimated joint cost of the project agreed to is $1,539,000 and Rs. 1,500,000. The dollar part of the expenditure will be utilised for procurement of equipments and supplies and their transportation to India while the rupee expenditure will meet the costs of inland handling, transportation, land acquisition and installation of the equipment and supplies and for other local costs of the project.

The Government of India have decided to maintain a permanent reserve of over one million tons of food grains. The project aims to provide for two 10,000-ton silo-cum-elevators. Prefabricated metal storage facilities with a capacity of 50,000 tons will accordingly be provided. One of the silos will be erected at or near a major port while the other will be erected at a suitable centre in the interior. The prefabricated metal storage facilities will be erected at such places where transit storage accommodation is required urgently.

* * * * * * *

New Ceylonese Loan: The Central Bank of Ceylon recently announced a new Government loan of Rs. 70 million. It is intended to balance the anticipated deficit in the budget for the current year and to meet expenditure on national development projects. The budget will be presented to Parliament next month. The amount of Rs. 70 million is to be raised by way of a ten-year loan. The rate of interest payable will be three and quarter per cent per annum. The minimum holding is Rs. 100.

* * * * * * *

Sudan Budget: The Sudan Budget for 1954 presented recently, estimates a revenue surplus of £500,000. The gross receipts for the year are placed at £32.5 million and expenditure at £32 million. Allocations to Defence amount to £3 million. The various proposals contained in the budget to increase revenue, include progressive income-tax increases, heavier duties on alcoholic drinks, tobacco, food, textiles, wheat-flour and a 20 to 30 per cent duty on luxury goods. Taxes on income proposed are as follows: Under £10,000—nil; £10,000 to £20,000—30 per cent; £20,000 to £30,000—35 per cent; over £30,000—40 per cent. This is the first budget presented by Sudan since its attainment of self-government in February 1953.

* * * * * * *

New Zealand Balance of Payments: With the completion of New Zealand's exporting season, the balance of payments bids fair to be favourable. The Reserve Bank sterling exchange and sterling investment together exceed £113 million. Import control has, therefore, been relaxed, giving British exporters a share in the expanding imports. It is expected that £18 million will be allotted as against £9.3 million in 1953, towards motor imports. Total motor imports are likely to exceed the 1952 record of 39,183 cars.

Mexico's Talks For Bank Credit Fail: A number of German, Swedish, Swiss and Belgian banks which had been negotiating with the Mexican Government over a $50,000,000 trade credit required by Mexico, have broken off the talks. The credit was to have financed Mexican purchases of industrial equipment and heavy machinery in the four countries, but difficulties arose when the banks put forward a condition that Mexico would have to use fixed proportions of the total credit in each country rather than seek competitive bids from these States.

MISCELLANEOUS

Lead And Zinc Stockpiling By U.S.: The U.S. Office of Defence Mobilization recently authorised the General Services Administration to start buying Lead and Zinc to meet the new long-term stockpile objectives. This directive authorises contract for the minerals for the balance of the present fiscal year ending June 30. The long-term stockpile programme will be restricted to newly mined metals of domestic origin. Quantity and conditions were not to be disclosed because of security reasons.

* * * * * * *

F.O.A. to Give Technical Literature to 53 Countries: India will be on of the 53 countries to benefit from U.S. Foreign Operations Administration scheme to provide libraries in these countries with technical, scientific and educational literature. F.O.A. will spend $100,000 for this purpose. Among countries eligible to participate in the programme are Egypt, Ethiopia, India, Iran, Iraq, Israel, Jordan, Lebanon, Liberia, Lybia, Syria, Turkey, Afghanistan, Nepal and Pakistan.

* * * * * * *

Sweden Has 1,250 Insurance Companies: The number of insurance companies in Sweden totals about 1,250. Of these, 20 are life insurance companies, 12 re-insurance companies and about 80 claims insurance companies with nation-wide activities, while the remainder are of a provincial or local character. In 1952, the life insurance companies collected over half of the premiums in direct insurance, which totalled more than Kr. 1,600 million and administered 80 per cent of the total assets, amounting to Kr. 9,270 million at the end of 1952. The bond holdings, Kr. 4,070 million in 1952, which rose heavily during the Second World War, showed a slower rate of increase in the post-war period, mainly owing to the dwindling share of Government bonds; while the proportion of municipal bonds has increased. Mortgage loans, which showed a relative decline during the war, have since remained practically unchanged, while shares, municipal loans, etc., have increased in importance.

* * * * * * *

Tube-Well Construction Programme Making Good Progress: The Indian Government's tube-well construction programme is reported to be proceeding according to schedule. Of the 965 tube-wells in Uttar Pradesh, Bihar and Punjab, for which a contract had been given to a foreign firm in December 1950, 941 have been constructed. Of the 2,000 tube-wells project taken up under the Indo-U.S. Technical Assistance Programme for 1952, contracts were signed in August 1952 with three foreign firms for installing 1,505. Of these 763 wells have already been drilled. The remaining 495 wells are in the hands of the Governments of Uttar Pradesh, Bihar, and Punjab; U.P. completing 150 out of 295; Bihar 23 out of 100; and Punjab 30 out of 100. Another scheme is for 650 tube-wells in the States of U.P., Bihar, Punjab, and P.E.P.S.U., under the Indo-U.S. Technical Assistance Programme for 1953; a French combine of contractors has undertaken to construct 485 wells. The work is expected to start next month. The remaining 165 tube-wells will be constructed by the State Governments; materials are being arranged through the purchasing missions abroad. Diesel generating sets, pumping sets, insulators and the like have already started arriving.

NEWS IN BRIEF

INDIAN

The Central Rehabilitation Ministry has sanctioned Rs. 2,13,000 to the P.E.P.S.U. Development Board for the training of 300 displaced students, and Rs. 8 lakhs to the Government of Jammu and Kashmir for its rehabilitation schemes during the year 1954-55.

* * * * * * *

Subscriptions to the National Certificates during the first four weeks ended June 5 amounted to Rs. 45 lakhs. The total collections of the National Plan Loan stood at Rs. 80.56 crores at the end of May 1954.

* * * * * * *

An Indo-Hungarian Trade Agreement in force till December 31, 1953, provides for the export of tobacco, spices, iron and manganese ore and jute and coir goods. Hungary will provide machinery, electric motors, electrical equipment and plants for the canning industry.

* * * * * * *

The Planning Commission has approved the establishment of 500 multi-purpose schools during the remaining two years of the Plan. The scheme involves the expenditure of Rs. 5 crores and is in pursuance with the recommendations of the Secondary Education Commission.

* * * * * * *

A 60-member Indian Delegation has left for Toronto to attend the Seventh International Conference of Social Work. After the Conference scheduled to end on July 4, some delegates will tour U.S.A. and Europe before returning to India.

* * * * * * *

The Government of India are reported to have allotted Rs. 6 crores to be distributed to States as grant for local development works in 1954-55. The grant is to be spent on rural water supply schemes, school buildings and godowns to store agricultural produce.

* * * * * * *

The Director of the Indian Agricultural Research Institute, Pusa, in New Delhi, will lead the Government of India's delegation to the Eighth International Congress on Botany to be held in Paris from July 2 to 14, 1954.

* * * * * * *

The Government of India have decided to include, with immediate effect, the State of Jammu and Kashmir in the zone comprising the States of the Punjab, P.E.P.S.U., Delhi, Himachal Pradesh and Bilaspur enabling the free movement of wheat products within the zone.

* * * * * * *

The Rs. 17.5-crore multiple-product Stanvac Bombay Refinery scheduled to begin operations in June, will meet approximately 30 per cent of the country's oil product needs. The annual capacity of the plant is 90 million gals. of gasoline, 40 million gals. of kerosene and 59 million gals. of diesel oils.

* * * * * * *

It is learnt that the Superintendent of Punjab's Sericulture Department in Dalhousie, the been selected by the Government of India for higher training in sericulture in Japan.

* * * * * * *

Shri Karl J. Khandalavala, ex-Judge, Bombay, Civil and Sessions Court; historian and author of several books on art; member, Art Purchase Committee, Government of India, and a trustee of the Prince of Wales Museum, Bombay has been appointed a member of the Central Board of Films Censors.

FOREIGN

Trade negotiations between Portugal and Germany ended in London with the signing by the Portuguese Director General of Economic and Consular Affairs and the chairman of the German delegation of a fourth additional protocol to the trade and navigation agreement of August 1950.

* * * * * * *

Trade talks between Persia and Japan began in Teheran recently. The proposed agreement is estimated to account for an annual exchange of goods worth $31 million each way. Persian imports are to include cotton piecegoods, steel products and machinery. Japanese imports will be mainly oil.

* * * * * * *

It has been estimated that out of a total of 15 million sovereigns (about £85 million) in Greece at the present time, less than 10 per cent are in circulation. The rest have been hoarded, by peasants, townsfolk and business men.

* * * * * * *

During May, the Inter-Governmental Committee for European Migration assisted 13,560 persons to go overseas; bringing the total for five months of 1954 to 54,372. Since it began operation in February 1953, it has found new homes for 220,000 Europeans.

* * * * * * *

Industrial production in the Netherlands rose by 10.9 per cent from 1952 to 1953, being higher than the figure of 8.1 per cent in U.S.A., 9 per cent in West Germany and a large number of countries including U.K., France, Italy, Belgium, Denmark, Sweden and Norway.

* * * * * * *

The sum of Rs. 46,66,700 has been subscribed by people of Indian origin in British East Africa for the Gandhi Memorial College in East Africa. The Gandhi Smarak Nidhi of India has contributed Rs. 15 lakhs for the college.

* * * * * * *

Russia has delivered gold worth $5,000,000 in part payment for Finland's excess exports to the Soviet Union. The gold was recently brought over to Finland by train.

* * * * * * *

The Interim Committee of the World Tin Conference met in London recently to discuss technical questions relating to the formation and working of the Tin Council, which would function if the International Tin Agreement came into force.

* * * * * * *

Preparations have been begun for the exploitation of Turkey's second largest coal reserves in Northern Turkey. These reserves are estimated at 180 million tons, and will go towards increasing Turkish coal exports.

* * * * * * *

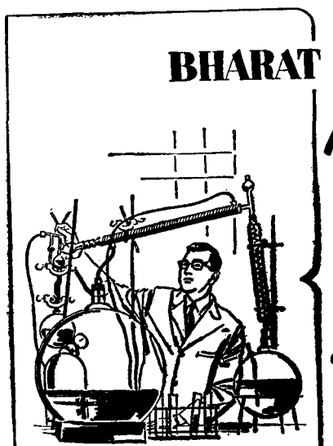
The 247 Colombo Plan trainees in U.K. on May 1, 1954, include 84 Indians, 60 Pakistanis and 81 Ceylonese, the remainder being from Burma, Indonesia, Nepal and the Philippines. These trainees are receiving technical instruction under the Technical Co-operation Scheme.

* * * * * * *

Brazil exported 20.6 million pounds of wool in the first eleven months of 1953. Shipments were valued at Cr. $469 million or about $23 million. The largest importer was Japan, which took more than 15 million pounds.

* * * * * * *

The inaugural meeting of what is to be known as the Tea Council of Canada was to be held in Toronto consisting of representatives of the tea trade in Canada, India and Ceylon. The three participating authorities are expected to contribute $600,000 towards the Canadian scheme.



BHARAT POLICY *for Protection*

in CHEMICAL Industry

Bharat Fire & General will cover the following risks :

FIRE • MOTOR • MARINE • AVIATION
WORKMEN'S COMPENSATION • CASH IN TRANSIT FIDELITY GUARANTEE & EVERY OTHER RISK



BHARAT FIRE
& GENERAL INSURANCE LTD.,

Head Office : SCINDIA HOUSE, NEW DELHI

Branches at :
15A, Elphinstone Circle, Fort, Bombay ; 304, Thambuchetty Street, Madras-1; 3, Chittaranjan Avenue, Calcutta and at Patna, Darbhanga, Ahmedabad & Poona.

IN BIHAR

It's THE SEARCHLIGHT & PRADEEP

For years advertisers have consistently used the columns of THE SEARCHLIGHT (English Daily) and PRADEEP (Hindi Daily) to sell their products in Bihar. The reason is simple : no other paper can give such satisfactory coverage of the territory as THE SEARCHLIGHT and PRADEEP.

And Remember:

Bihar is becoming an increasingly prosperous market. The Five-Year Plan has allotted a sum of Rs. 57.79 crores for the development and improvement of the State's agriculture and irrigation, transport and social services. The efforts to raise the standard of living of the people are already bearing fruit. In Bihar, more and more goods and services are in demand now—a demand that will continue to increase every day. That's why *more* advertisers are today using *more* space in THE SEARCHLIGHT and PRADEEP than any time in the past.

CASH IN ON THE RISING BIHAR MARKET

Advertise

in

THE SEARCHLIGHT & PRADEEP

(English Daily) PATNA (Hindi Daily)

A Window On The World

SOME CAUSES OF ECONOMIC INSTABILITY

By

ODYSSEUS

THE WORST ACCUSATION that the Marxist levels against the Free Enterprise system is that it is inevitably overtaken by periodical slumps. I concede this at once. I know of no system which is not.

Instability and insecurity in the economy cannot be cured by Finance Ministers, even if they are as suave as Sir Chintaman Deshmukh. They are inevitable if you insist—as I do—that two ideals are important: (1) A rising standard of living, which means change, growth, and progress, and (2) a system governed by consumers' votes for production, a system in which consumers decide what they would like to have produced and not a system in which someone else produces what he thinks they ought to like. We have previously discussed this at length, and we decided that for the sake both of economic efficiency, and of the political freedom and rights of the individual citizen, the controlling power of demand is better than the controlling power of some man, or group of men, in a department. These two ideals cannot, however, triumph without some sacrifice somewhere—no victory can be gained without casualties—and the price of a rising standard of living and a free consumers' choice is some insecurity and some instability.

This means that we must now take a look at the causes of trade cycles and depressions. We will begin by examining the Marxist assumption that at any given level of consumption, the community needs only a fixed amount of capital equipment which is in fixed ratio to the volume of spending. The Marxist idea seems to be that once the number of factories has reached this ratio, to build one more would lead to loss unless consumption were also rising.

In his illuminating "Capitalism", Professor D. M. Wright sheds light on this quaint belief by considering beer as a typical Western commodity. He points out that there are at least three ways in which it might pay a man to build a new brewery even if the consumption of beer were falling: (1) He might have invented a new type which the public would find more delicious; in that case, even though the total volume of beer consumed fell, his share of the trade would rise. (2) He might have invented a more efficient method of brewing, so much cheaper that, even with total demand falling, his brewery would make fine profits. (3) He might estimate that, although the demand for beer was falling now, various forces were at work which would reverse the trend and lead to greater consumption in a year's time, and he therefore might decide that he would steal a big march over his competitors if he built a new factory now so as to be ready before them when the increased demand came. In the first two possibilities, the ratio of capital to consumption could alter irrespective of the volume of consumption; and in the third, there would be no immediate change in consumption.

WHAT IS A TRADE CYCLE?

Keynes' explanation of the trade cycle was that as income rises, consumption rises but at a slower rate, i.e., as a man's income rises, he may drink more beer but he will not spend the whole of his additional income on beer (or any other commodity) so that proportionately to his rising income, he is saving more than he is spending. To Keynes' theory, the Marxists have added their dogma that the number of factories and amount of equipment is tied to the level of consumption, and the Marxists conclude that if we are building new plants at an increasing rate while consumption is ever lagging, we are inevitably heading for a depression. The Marxist charge is that, because consumption lags behind output, the Capitalist's urge to accumulate is halted because he does not pay out enough purchasing power to the workers—this was the basis of the famous Douglas credit scheme, in which the Capitalist's refusal to pay out was countered by making the State pay out instead. This scheme was put into practice in the Canadian Province of Alberta where it proved popular with the workers, though not with the taxpayers who were treated as de facto Capitalists.

What's wrong with this proposition that depressions occur solely because consumption is lagging behind investment is that it mixes up a long-term view of savings with a short-term view of consumption. Certainly, in the short term, as a man's income rises, his consumption of beer does not keep pace proportionately; but in the long term, his spending does keep pace with his income. Anyone who has ever left one job on, say, Rs. 1,000 a month in order to take on a better job at, say, Rs. 1,500 a month will be able to support me on this point, for he will recall how wonderful Rs. 1,500 looked before he got it and how soon after he was anxiously awaiting his first increment in order to make both ends meet. Nevertheless, it is probable that his absolute savings at Rs. 1,500 were greater than what he set aside when he was getting Rs. 1,000 (even though his consumption rose steeply). There may be short-term consumption lags but they are always overcome, and in the long run consumption tends to satisfy itself, not necessarily with increased consumption of the same goods and services as before, but of a wider range.

Reverting to Professor Wright's much drunk beer, if the total consumption is not for the moment rising as fast as hitherto, and if this lag in spending is widespread, the Marxists say that a depression is inevitable, but I say that in a Free Enterprise world, something is always happening to raise the demand for investment—the telephone or the jet-propelled aeroplane is invented, or a hitherto unheard of nylon industry emerges; then the lag in consumption is offset by an increase in investment. Overall expansion continues.

The mistake that the Marxists make is to reduce the trade cycle to a neat clear-cut formula; real economic life is never neat: you must think of the economic situation at any given moment not as a static pattern but as a kaleidoscope with over-lapping rates of change. Some firms are rising; some are slipping back. Consumption and investment may be moving independently of each other. Some slumps have been caused by a consumption lag but others by too much purchasing power or by too equal distribution.

KEEP THE CONSUMER WAITING

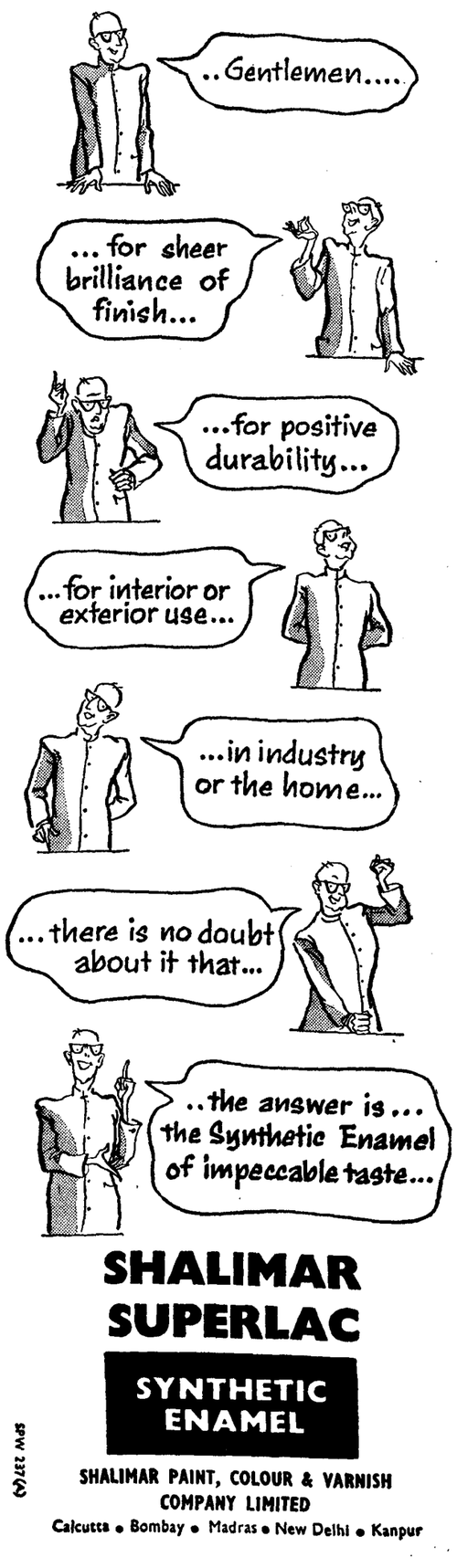
There are some Socialists who would agree with our criticism of the Marxist consumption-lag error but who would argue that if the economy were properly planned, slumps could be eliminated. I dare say that,

over a short period, planners could blue-print a smooth expansion, but this could not be done without allocations, priorities, and rationing—indeed these are the tools with which planners work—and, once these methods have been introduced, the consumer's rights—economic and political—begin to be whittled away.

Professor Wright asks us to imagine a situation in which the U.S.A. is governed by all-powerful, all-wise, planning board, that consumption is keeping pace with consumer goods output, that there are no monopolies, no pressure groups to distort the economy in favour of these producers or those workers, and no need for foreign trade, but that, against this, owing to the cessation of World War II, the U.S.A. is faced with large numbers of men seeking re-absorption into civilian life; there is much deferred demand and a potentially huge rise in the output of consumers' goods. In such circumstances, we could expect smooth planned expansion provided that the consumers accept the rate at which the planners say their multifarious demands shall be met. Even in the ideal conditions imagined, rapid increase of consumers' goods would risk distortions that would eventually have to be rectified by unemployment. Housing for example: with a steady population increase, about the same number of new houses would be needed annually, but this steady rate of building would, during the war, have ceded to higher priorities, so that now with the return of peace, the public is dissatisfied with the officially planned increase rate of 10,000 houses a year and clamours for 50,000 "homes for returned heroes". Another example: a new invention like television comes along. The planners calculate their resources, decide on the social desirability of television by comparison with houses and washing machines, and allocate their priorities which allow 10,000 sets a year. But the public is ready to buy 10,000 sets a week. (A black market in T.V. sets springs up at once!). If the planners allow either of these demands to be satisfied as consumers want them, distortions must occur. You step up house building, but when the accumulated demand is satisfied and the curve flattens out to the normal replacement level, you'll get unemployment. Yet, as Professor Wright shrewdly observes, there has been no glut, no overproduction, not one house too many has been built. What has happened is that consumers' imperious demands have been satisfied faster than stability will stand. So the problem is to try to find some harmony-in-growth solution that will give consumers what they want within a reasonable period of time.

These considerations prompt the further reflection that this is a difficult world: if the steel industry, in order to promote stability, adopts a planned policy and expands slowly, the Socialists damn it as a "monopolist". But if it expands rapidly and then demand eventually falls, it is damned for causing unemployment. The fact is, of course, that the longer you keep consumers waiting, the more you stabilise employment. One solution for all these headaches would be to keep the consumers waiting until they die. (Once in heaven, their dilemma ends, for one presumes their spiritual demands will be satisfied on an Authoritarian basis strictly in accordance with the Divine will).

I am conscious that this week's discussion may seem inconclusive, but much ground has to be cleared before we can usefully examine the ways in which Free Enterprise can try to limit cyclical movements.



SPECIAL ARTICLES:

THE OUTLOOK FOR PRICES

DURING the last four weeks, the General Index of Wholesale Prices has shown a steadily declining trend which merits close scrutiny. From 399.1 in the first week of May, the General Index declined to 396.9 in the second week, to 395 in the third week, and to 390.4 in the last week. At the end of the first week of June the Wholesale Price Index had fallen still further to 385.2. It is not of course unusual for the Index to touch a low in April or May every year, depending mainly on the seasonal conditions and undoubtedly these factors have been in operation even now. The commencement of the monsoon by the end of June in various parts of the country compels the agriculturist to hasten his marketing operations in order to avoid problems of transport or of storage of agricultural products. The lean months from July to October stabilise the supplies in the markets and enable a recovery in their prices. These seasonal trends will be at work even this year and the next two months should give better indications of the character of the present declining trend.

It seems possible, however, to isolate some of the probable trends over a longer period. The average of the General Index for the first five months of this year was 397.2 which was higher than 393.9 in 1953 and 386.9 in 1952. So far there has not been reason for satisfaction over trends in the general price level, except that it has on the whole remained stable. In spite of the substantial increase in agricultural production in 1953, the food group has shown an increase to 380.8 (from 359.8 in 1952); while cereals remained stable in both years, in spite of the large increases in rice, wheat and millet crops, it was the miscellaneous group consisting of tea, coffee, sugar, gur and salt that had caused this rise in 1953. There has been a tendency for prices of cereals to fall since the rabi harvest this year and there would be no reason for the decline not being maintained so long as the rainfall in the second half of this year proves adequate. World conditions regarding wheat as well as rice are favourable. Except for the Burma rice due to be imported under the recent contract there may be no tendency to add to our food imports but if the international wheat situation should so develop as to make operative the minimum prices and compulsory quotas of the I.W.A. countries, there will arise the further prospect of a reserve stock of grain with the Government of India which cannot fail to influence cereal prices at some stage. But the cereal group accounts only for 18 per cent of the General Index, so that its effect on the General Index cannot be considerable. Another consideration to be borne in mind in this connection is that the recent official estimates of cereal production include an increase due to revision of the system of estimating through crop-cutting surveys, which involves increases in figures of output without actual increase in the physical quantities available in earlier years.

The world position of tea and the internal supply and price position regarding tea, coffee and sugar do not warrant the hope for a decline in the prices of commodities in this group. Industrial raw materials as a whole will not prove to be much different. The outlook for textile production is hopeful, in spite of reports of spasmodic dullness in textile markets and of accumulation of cloth stocks, and raw cotton prices can remain stable in spite of larger imports of foreign cottons. Jute has revived and the optimistic business outlook in the U.S.A. should maintain its stability especially because of regulated output in Pakistan. There seems to be no reason to expect a further decline in oilseeds (especially groundnuts) since its production is not obviously increasing at a fast enough rate.

The semi-manufactured and manufactured varieties of goods included in the price index have not shown any marked tendency to decline. Prices of cotton yarn and textile products have firmed up and are on the increase. Vegetable oils and oilcakes are in deficient supply in the country to meet all consumer and industrial needs; and so long as some exports are also permitted of oilseeds and oils, no substantial change in the price situation can be expected to check price increases due to speculative activity. Metals and metal products which constitute another item in these two groups have shown a long-term increasing trend over the last years, which may not be reversed.

The conclusion is unavoidable that the level of wholesale prices is not in any great danger yet of falling substantially, at least during the rest of the year. Whatever effects could be expected because of the larger volume of agricultural and industrial production of the last year must have operated on the price level already. The rate of increase of industrial production cannot always be as high as in the preceding two years, even though there is considerable scope for expanded activity. The main source of hope, therefore, lies in food grain prices; if the next agricultural season continues to be as good as this year, the declining tendency in cereals now noticed may be resumed after the khariff harvests and possibly accentuated with some more imports of rice and wheat in the normal course. It seems doubtful whether the General Index of Wholesale Prices for the whole of 1954 would in any case work out to be below 386.9, attained in 1952. That means that there are no grounds for expectations of recessionary symptoms. With lower food prices and relatively more stable prices of manufactured goods, the business outlook must appear bright in the context of the larger investment under the Plan now promised.

INDEX NUMBERS OF WHOLESALE PRICES OF CERTAIN COMMODITIES

	CEREALS				FIBRES			MANFTS.	
	Rice	Wheat	Jowar	Bajra	Cotton	Jute	Groundnut	Jute	Cotton
1953									
March ..	492	568	207	273	446	364	709	376	406
April ..	503	527	211	264	453	336	731	357	407
May ..	525	545	219	279	455	389	802	390	407
June ..	539	577	232	313	442	397	820	416	407
July ..	536	599	240	328	441	373	890	410	410
August ..	546	588	230	331	461	387	851	416	415
September ..	543	564	218	301	456	357	825	385	410
October ..	523	564	195	274	450	347	637	394	410
November ..	501	565	199	271	436	402	533	429	403
December ..	482	579	189	282	451	410	545	427	397
1954									
January ..	478	601	222	291	483	421	606	423	397
February ..	486	581	204	265	486	404	596	427	403
March ..	486	564	205	237	479	380	606	424	409
April ..	486	547	208	222	475	417	611	433	416

FINANCE FOR COMMONWEALTH DEVELOPMENT

THE first annual report of the Commonwealth Development Finance Company, recently published, is less disappointing than could have been expected. Risk capital is no longer as scarce in the London market as it used to be after the war and until about a couple of years ago. This change in emphasis which now rests fairly and squarely on the development projects of the countries of the sterling area was clearly in evidence last year along with the improvement in the balance of payments position of the area as an integrated unit; and last year's experience of some other investment houses in the London money market, with a much longer existence, in respect of the demand for finance for new industrial ventures, is not much different from that of the C.D.F.C. A stage has, indeed, been reached now, when critics like Sir Sydney Caine have even begun to question the wisdom of indiscriminate investment in the independent countries of the sterling area.

The bottleneck is no longer finance—not to the same extent at any rate. But availability of capital does not mean that there is indiscriminate investment and Sir Sydney Caine's complaint may, perhaps, be exaggerated. The Industrial and Commercial Finance Corporation which was established soon after the conclusion of the last war, with the substantial participation of the Bank of England and institutional investors of long standing, found the area of its operations last year narrower than in the previous years. And Lord Piercy, Chairman of the Corporation, rightly stressed that since supply of capital had ceased to be the bottleneck that it once used to be in an acute form, the explanation of a restricted demand may very possibly be found in other weighty causes including higher cost of plant and equipment, lack of sound and thorough project planning, and delays involved in capital issue procedure. This is significant.

As a new entrant in the London capital market, the Commonwealth Development Finance Company is still feeling its way around. This company which was launched with an initial issued capital of £15 million has enlisted, as other investment institutions of its type invariably do in the interest of risk coverage, the active participation of enterprises operating in various spheres of industry, banking, shipping, mining, and business. Ninety-one of such enterprises have subscribed between themselves share capital to the extent of £8.25 million, while the balance of £6.75 million represents the share of the Bank of England.

The company has had a clear mandate so far from the Commonwealth Finance Ministers' conferences. Its primary aim is to provide or procure finance to develop the resources of the sterling area either by developing substitute sources for staple imports or by stimulating present basic exports to restore normal equilibrium in the payments position of the area. As against its resources, including its borrowing power, the loans which it has actually granted or which are under active negotiation are three in number:

(1) The Electricity Supply Commission of South Africa for the express purpose of expanding the supply of electric power to the Rand and Orange Free State, a major aim being promotion of gold production. The loan to the Commission which was formally announced on February 27 last is for an amount of £1.97 million, issued at 98½ with interest at the rate of 5 per cent, period of maturity being 15 years. World Bank credit in the form of a loan of $30 million has been obtained for the project.

(2) The Sui Gas Transmission Company of Pakistan for conservation especially of imported sources of power. The C.D.F.C. has now contracted to advance to this enterprise a loan of £1 million, which together with the World Bank's loan of $14 million and subscriptions of the Pakistan Industrial Development Corporation and other Pakistan and British investors including the Burmah Oil Company will raise practically the whole capital not expected to exceed £9 million in the final stage of completion.

(3) The South African Industrial Cellulose Corporation to be set up for the manufacture of dissolving pulp from eucalyptus resources in Natal. Negotiations tend to show that this venture will receive initial credit of the order of £1.5 million from the C.D.F.C.

The first loan which was actually advanced, coupled with the second loan which has been finally negotiated, adds up to just a fraction of the initial lending resources of C.D.F.C. This is by no criterion a spectacular start for a venture which has been set afoot in a spirit of enthusiasm to provide capital, where it would be procured in its absence only with considerable difficulty or probably may not be procured on the requisite scale. The terms of the loan, judged in the light of the only loan formally concluded with the Electricity Supply Commission of South Africa, can hardly be treated as onerous. The disadvantage of having to pay a higher rate of interest as compared to World Bank's rate of 4½ per cent is offset by certain positive factors. The obligation to obtain government guarantee for repayment and the rather too elaborate probe into the character of the economic status of the applicant-enterprise are obviated. This is surely no negligible immunity for a majority of private enterprises, which may not necessarily assume proportions and significance enough to attract active government backing.

With the major part of its lending resources left unused, the first year's performance of the C.D.F.C. can be regarded as being very slow, and opinion in financial quarters has been critical of the belated start made by the company's Board of Directors, in the last quarter of 1953, to engage in a regular publicity campaign. There are, however, factors which explain the slow tempo. The view taken by the Chairman, Sir Frederick Godber, is surely realistic. A new entrant cannot be impatient in the matter of the approach of borrowers, and this is particularly true in a market where existing agencies are already numerous and of a standing which makes it convenient for the prospective borrower to tap their resources first.

This is not to say that the C.D.F.C. faced a shortage of applicants. Among the numerous applicants which came to it for finance, few could be considered suitable and the company had no alternative but to decline their requests. Only three cases were pending consideration before the Board at the close of the year. This phenomenon has led to serious questioning whether the prima facie unsuitability is not due to the manner of presentation of the nature of the projects rather than to their inherent merits. The company has referred the issue for fuller consultation with the World Bank since there seems to be a consensus that lack of technical and financial advice at an expert level may make really sound projects suffer for want of convincing pleading.

The relative improvement in the availability of risk capital in the London market brings to the fore another aspect of the demand from certain sterling area countries. The keen interest evinced in the progress of the Colombo Plan, and in particular the enlargement of its scope to accommodate countries outside the Commonwealth, has had certain repercussions on its non-self-governing territories. The phrase 'Colombo Plan in reverse' has recently become familiar. The Colombo Plan is a measure of co-ordination of the individual development plans of member countries which were already prepared, the basic object being to accelerate the pace of the progress of the national plans by mutual assistance and co-operation. Any possibility of its encroachment on the field of development planning for the colonial component of the Commonwealth is remote; but the self-governing and dependent countries of the Commonwealth are at differing stages of development and in these circumstances, it is possible for old suspicions to do much harm.

This question can, however, be considered now in the context of the new turn that the capital resources of the London money market has taken. This is the logical sequence to the progress in the revival of that market to its pre-war international status. There are two arguments which can now be used. In the first place, the dependent members can have as much development as they want; there is really no conflict. In the second place, a revivified London capital market, which is in a position to offer money to everyone and does so offer money, cannot well be accused of partiality.

Possibly, the rate of production of capital goods in the U.K. is beyond the present capacity of sterling area countries to absorb in the execution of their development projects. The unenthusiastic response to the U.K. Government's offer to place its £60 million sterling subscription to the capital of the World Bank at the disposal of the countries of the area has been responsible for a new approach to the utilisation of this offer. That approach has taken the form of exploring the possibility of opening up this source of sterling capital to the World Bank's members outside the sterling area. This was presumably one of the principal objects of Mr. Eugene Black's consultations with the British Chancellor of the Exchequer last month. Their outcome must inevitably take more time to materialise. But in case the proposal of the World Bank's President proves to be acceptable to the U.K. Government, there will have to be further concurrent relaxation of restrictions on the London capital market for sterling area countries.

As it is, the process of relaxation has gone some way in the recent past. Last year, out of an estimated outflow of capital from London of the order of £60 million, over 66 per cent went to finance the requirements of countries in Africa and this was in spite of political instability, present as well as prospective, in that continent. The needs of colonial territories and Commonwealth countries alike can now be met.

A New Book
For the Library and the Connoisseur of Art

SKETCHES OF GANDHI

By

FELIKS TOPOLSKI

A unique collection of 24 sketches and two four-coloured paintings of Mahatma Gandhi by the famous Polish artist. Embellished with rare quotations from Gandhiji.

Price Sixteen Rupees **Postage extra**

Available from :

THE HINDUSTAN TIMES, NEW DELHI.

THE BUSINESS WORLD

TEA PROPAGANDA IN THE UNITED STATES

The first annual report of the Tea Council of the United States Inc. for the period from the 1st April, 1953 to the end of December 1953, is an impressive record of progress. It reveals in the first place the fact that in 1953 the consumption of tea was at an all-time high. In the second place the report indicates that considerable thought and work have gone into the propaganda which is being undertaken by the Council.

The evidence of the increasing popularity of tea can be summarised in the following facts.

Imports	Percentage increase
1952	12
1953	11
Sales in grocery stores	
1952	6
1953	7

Wholesale and retail sales in the United States have continued to be good in January and February 1954, that is beyond the period to which the report relates.

This impressive increase in tea sales, however, hardly exhausts the possibilties. The Tea Council records the fact that United States consumption per capita is one-fifteenth of that in the United Kingdom and one-fourth of that in Canada. Tea can never be as popular in the United States as it is in the U.K., nor can it displace coffee, but tea sales are not quite unrelated to coffee prices. The Council's well-thought out propaganda, therefore, is likely to pay rich dividends.

That propaganda is concentrated in the following directions.

(i) Commercial time on the T. V. has been rearranged, so that ten major markets, which are responsible for 37 per cent of the sales receive messages throughout the year.

(ii) As in India, propaganda for the proper brewing of tea in order to increase its quality—two ounce bags being used in place of one ounce bags—is being kept up.

(ii) The "out of home" market, that is to say, the bulk sales to restaurants, cafeterias, armed forces, etc. is being developed as a result of special ideas. Tea served from urns—which increases the speed of the service—was responsible for an increase of 89 per cent in twelve cafeterias. The National Restaurant Association, with financial help from the Tea Council, is now trying to improve this urn. The feasibility of selling hot and iced tea from automatic vending machines is being explored. The armed forces are being persuaded to serve tea at every meal.

The American funds of the Tea Council are derived from contributions at the rate of one cent per pound by the packers and 1/10 cent by the importers. As the sales of tea expand, these contributions will grow in volume and the propaganda in consequence will become more and more effective. The Tea Council concludes:

"The Directors of the Tea Council have agreed that a unique opportunity faces tea in the coming year and that the Council should put forth the greatest effort and expenditure possible to take advantage of this situation. There are so many opportunities for profitable expenditure of funds under present conditions that we are in the pleasant predicament of sometimes finding it difficult to afford our success. That we shall have a spectacular increase in tea consumption at the outset of 1954 is now evident. The battle will be to hold as many as possible of the thousands who will be giving tea a serious trial and to keep building steadily in the years beyond."

RE-ORGANIZATION OF STATES

By

CROESUS

The Bombay Citizens' Committee, which may be said to have begun functioning nearly six years ago—to be precise, from August 26, 1948—is the latest body to express its views on the question of re-organisation of States with particular reference to the future of Bombay city. By reason of the representative character of this Committee, which includes, besides its eminent President, Sir Purshotamdas Thakurdas, a galaxy of such distinguished persons as Sir H. P. Modi, Mr. M. C. Setalvad, Mr. Pranlal Devkaran Nanjee, Mr. J. R. D. Tata, Mr. R. D. Birla, Mr. Madanmohan Ruia, Mr. Tulsidas Kilachand, Mr. Krishnaraj Thakersey, Mr. Dharamsey Khatau, Mr. Navinchand Mafatlal, Sir Chunilal B. Mehta, Mr. R. G. Saraiya, Prof. C. N. Vakil, Mr. Ramnath Podar and Mr. Hasham Premji, among others, the views of this Committee are bound to receive the most careful consideration of the States Reorganisation Commission. I am, therefore, bound to refer to this Memorandum, although, by and large, I find that it has used the same arguments as the Bombay Pradesh Congress Committee and the Indian Merchants' Chamber, and to the representation of the latter I have already drawn attention previously. What the Bombay Citizens' Committee has done, however, is to publish a more comprehensive and studied Memorandum outlining, in detail, not only the general approach to the problem of the re-organisation of the States in India but also examining the case for Bombay city and suburbs from all conceivable angles.

In his letter, forwarding the Memorandum to the Commission, Sir Purshotamdas has made a particular reference to the recent appeal of the Prime Minister in which, it will be recalled, he emphasised that he could not entertain any feeling of complacency at a time when there was need in the country to discipline with a view to facing any crisis or development, which might require the mobilisation of all our strength and courage and had also pointed to the great danger of the language issue disrupting our national life and promoting a sense of disunity. In the opinion of the Committee, against the present setting of internal conditions and increasing international tensions, there is a fundamental need for national unity not only for the preservation of the security of the country but also for national uplift and progress. The Committee has fully examined the concept of the linguistic State and points out the dangers, especially in the light of specific theoretical postulates and other grounds which some of the protagonists of the demand have put forward. After doing this, the Committee proceeds to contest the claim that the linguistic groups constitute distinct societies and cultural entities and says that the consequences of accepting separate linguistic societies would logically mean the absurd dogma of "One language, one State". "India", reminds the Committee, "has 179 languages" and adds that "if the germ of linguistic nationalism is allowed to grow and develop, a legion of pretenders will spring up with a claim to separate State-hood, ultimately disrupting the unity of the country as a whole".

The Committee also discusses whether linguistic States are necessary for democracy and comes to the conclusion that a linguistic State, by the very logic of its formation, is based on a principle of intolerance and co-existence with other groups and unwillingness to work with them in a spirit of co-operation and collaboration and thus neglects one of the basic fundamentals of democracy. Observing that any such parochial approach will retard economic planning, the Committee says: "The various problems of economic development in India are common, both in nature and intensity, to every part of the country. Once the territorial division is made on the basis of language, there is bound to be a regional concentration of interests. The economic needs and requirements of the population are also neither confined to, nor coincide with, the linguistic frontiers. The linguistic principle, since it has a high potency for encouraging sectional or regional approaches, is bound to defeat the objective of national planning and there is a clear danger of inter-State disputes and breakdowns in the economic sphere".

Even administratively, the Committee opines, the linguistic State would virtually affect the free mobility of people in industry, trade and services and thus affect the efficiency of the State. The correct approach, according to the Committee, therefore, is (in view of the dangers inherent in the concept of linguistic State and the effects which the constitution of such States may have on the economic development of the country and the administrative efficiency of the States, as well as the growth of a healthy political and social democracy) not to proceed with the re-organisation of the States, mainly on the basis of linguism but to do so, if need be, only on rational and sound principles and even then having regard to the fundamental requirements of the country as a whole and after considering the prior and legitimate claims of geographic, administrative, economic and financial factors from the point of view of not only the constituent units but of the entire nation.

Continuing, the Committee examines the future of bilingual or multi-lingual areas and points to the lesson of history in this behalf. The Committee, of course, recognises the freedom of every language to develop its arts and cultural traditions through the full and unfettered use of its own language, but emphatically rejects the claim that, for fostering such growth of language, literature or art, it is necessary that the country should be re-organised solely on a linguistic basis.

Perhaps the most emphatic and notable part of the Memorandum of the Committee is that which deals with the place and position of the composite State of Bombay. Tracing the present set-up of the composite State and showing how, due to its composite nature, the State has been able to develop a sound financial and economic structure, the Committee declares that, whether from the point of view of administrative efficiency or economic strength, or cultural advancement, there is no justification whatsoever for re-organising the present State of Bombay into different linguistic units. But, if the State is to be divided into different uni-lingual units, the Committee says that no attempts should be made to attach the city of Bombay and the suburbs to any uni-lingual State. "This would not only be a grave injustice but a national calamity", maintains the Committee.

In conclusion, the Committee says: "In view of its multi-lingual cosmopolitan character and owing to the fact that it is a city of all-India importance, being the nerve-centre of our trade, commerce and industry, and the biggest port, with a vast hinterland and the centre of strategic importance as an air or naval base, the city must be constituted into a separate unit".

There is no space for me to go into the historical, linguistic, geographical, cultural and economic grounds which the Commission has adduced for constituting Bombay into a separate State. But, after perusing these grounds, I have become more convinced than ever before that it will be very difficult, if not impossible, for the Maharashtrians to sustain their claim for the State of Bombay.

THE SWADESHI LEAGUE

By

CROESUS

From the proceedings of the first annual general meeting of the Swadeshi League, which was held last Saturday, it seems that the response to the efforts for the revival of the spirit of Swadeshi has been encouraging. The President of the League, Mr. Pranlal Devkaran Nanjee, has openly acknowledged that "the League has received all-round support". But, according to Mr. Pranlal himself, what has been achieved amounts to no more than scratching the surface. Scratching the surface, as when anything is to be painted, is a necessary preliminary process and has to be followed by the application, or rather more than one application, of paint. Similarly, the Swadeshi League, which, under its present set-up, has its own limitations, "should be assisted," as Mr. Pranlal said, "in developing its organisational set-up in such a manner that it has the status of bodies like the All-India Spinners' Association, the Handloom Board, the Cottage Industries Board, etc., functioning for the promotion of the interests in these specified spheres". How can this come about? Says Mr. Pranlal: "That would be possible only if the League carried with it the status and prestige of an organisation which receives assistance and recognition from Government. Governments, both at the Centre and in the States, should also consider the desirability of giving token budget grants to the League every year, so that the programme of work for propagating and stimulating Swadeshi could be planned on a more sustained and continuous basis. In fact, the Swadeshi League, in its present form, offers the nucleus of an all-India organ and, with some measure of official recognition and support, the League could be of considerable help in reinforcing the place and position of Swadeshism in stimulating the economic strength of the country".

It is with much hesitation that I must say I don't quite subscribe to this view of one of our business stalwarts for whom I have the greatest respect. When I say this, I must not be mistaken to question the need for "improving the place and position of Swadeshism in stimulating the economic strength of the country", nor is it that I doubt the League could be of considerable help in this behalf. While I subscribe to both these points, my objection is to Mr. Pranlal's seeking Government assistance, especially through annual token budget grants. For that would reduce—I have resisted the temptation to use the word "degrade"—the League

to a hand-maid of the Government. It is my humble submission that the League can, and really ought to, do without Government assistance, in particular financial assistance. All that the League needs and must ask for, and is also entitled to expect from the Government, is the latter's moral support. Any Government, especially the Congress Government which has always sworn by Swadeshi, must encourage Swadeshi. If producers of Swadeshi goods and those who champion their use only take note of the several suggestions Mr. Pranlal has himself made in the course of his presidential address, Indian industry has nothing to be afraid of for its future progress and prosperity. Some of the advantages which our industries enjoy, such as a vast home market, are not available to all, not even to the U.K., Japan, and Germany, which no one can say are not among the leading industrial countries of the world. It is this advantage that is underlined over and over again by leading business men like Mr. Pranlal and Mr. B. M. Birla when they refer to the Rs. 400-crore imports of foreign goods every year into this country and to the possibility of producing at least Rs. 300 crores worth of these within the country itself. But, at the same time, as one Tariff Enquiry after another into the protection of our industries has been clearly revealing, our industries need not entertain any fears, even of the growing tempo of world competition, only "if they can develop their own strength by eliminating all deficiencies and weaknesses which impair their competitive position as Mr. M. D. Bhat, Chairman of the Tariff Commission, declared when opening the public inquiry into the continuance of protection and assistance to the sewing machines industry, a few days ago. Accordingly, Mr. Pranlal is on the soundest ground when he says, "apart from organised efforts for the propagation of the Swadeshi cult, there is the equally important work of bringing about conditions under which the faith of the consumers in Swadeshi could be encouraged and preserved—gradually Swadeshi products should stand fair comparison not only in the matter of quality but also in regard to price". I would add to quality and price one more, namely servicing. For it is a common complaint against our industries that they are interested only in sales and not in servicing the goods sold. Here, perhaps, in a way—not very complementary to us—we even beat America hollow which believes in quick replacements. If Americans, because of their very much higher standard of living, choose to discard well-serviced goods after a time, a few of our industrialists at least seem to feel that, if goods are sold and not followed up by periodical and efficient servicing, the consumer would perforce be obliged to discard the goods when it soon becomes unserviceable, as it must, and go in for replacement. What this short-sighted section of industrialists forgets, however, is that the consumer, if he can afford, does go for replacement but certainly not for the make of the same maker who failed him in the matter of servicing.

While dealing with the point about servicing, one must draw attention to certain popular misconceptions. Thus, some people think that the question of servicing arises only in respect of capital goods and not consumer goods. This is really not so, although there is a difference in servicing capital goods and consumer goods. In the former case, the customer gets his article, say a car or a radio, or a typewriter serviced periodically. Here, again, our ideas of servicing need to be put down very clearly. Although it is the duty of the seller of these articles to make periodical enquiries, he cannot be expected to do the same as a matter of right. For it is as much the customer's obligation to go to the dealer or the Servicing Station he has arrangements with and offer his articles for check-up, servicing, etc. Of course, if the dealer does not take adequate care of the customer and his article even then, there is something wrong in the servicing organisation that requires to be immediately looked into and remedied.

In regard to consumer goods, such as, say, soap, the soap manufacturer may not be required to go about in the same way or set up a servicing shop, but it will pay him to visit the consumer of his product and guide him, if necessary, in the proper use of his soap so as to get the best results. This is a service which the user will appreciate better than a folder flung at his face containing elaborate instructions as to what must be done or not done.

Let me revert now from this digression to the Swadeshi League meeting to highlight one other point made by Mr. Pranlal. He referred to the duty of manufacturers of Swadeshi goods to use only Swadeshi materials and components, as far as possible. There is no sense in an Indian producer of artificial silk fabric claiming his product as Swadeshi without his using any Indian-made artificial silk fibre such as rayon or staple fibre which is readily available in the country. Similarly, Indian manufacturers of cars cannot claim their goods to be fully Swadeshi if they refuse to use Indian-made batteries, etc. To quote Mr. Pranlal, "if the Indian manufacturers are not particular in confining to Swadeshi for the ancillary materials they need, apart from not having discharged their duty, they cannot legitimately make a grievance if the general mass of consumers do not stand by them. It is not proper for a manufacturer to take up the stand that he is constrained to use a particular semi-finished material or imported component in his manufacturing process because the corresponding Indian component or semi-finished material is not of equal standard.... the practice of Swadeshi should be a continuous process and at each and every stage".

There will also be general approval to Mr. Pranlal's other suggestion that the Government should re-orientate its stores purchase policy and support Swadeshi manufacturers. If the Government of a country wants to support its own national industries, no one can take exception to it. Even in America, there are statutory provisions for ensuring the Government purchases of goods made there in the main. We need not enact a "Buy Indian Act" as America did, but, wherever possible, if Indian goods of the requisite standard are available they should be purchased in preference to foreign makes, even if the latter happen to be slightly superior or cheaper. But, in the ultimate analysis, it is neither Government pressure nor a Swadeshi State Stores Purchase policy that will ensure and enlarge the market for Swadeshi goods. There must be a change of heart among the public too. At least for certain uses, such as on ceremonial occasions, we must all make up our minds to go in only for Swadeshi—100 per cent Swadeshi goods. In Japan, for example, according to Mr. T. Swaminathan, Textile Commissioner, Government of India, who recently toured that country, the Japanese wedding costume must always be home made. Why not adopt a convention here and now that for our Independence Day celebrations, we must all wear only Swadeshi or khadi or handloom cloth and use only Indian made articles?

I also subscribe to Mr. Pranlal's view that foreign-owned industries functioning in the country should be under an obligation to use Swadeshi materials and services. What is really disconcerting is that some foreign industries, which are so well-established in this country as to be almost passed off for Indian industry, refuse to make use of materials manufactured by Indian-owned units and that under the personal supervision of experts coming from the country of these very foreigners. Fancy a foreign-owned cotton mill refusing, or being reluctant, to take rayon or staple fibre manufactured by technicians from their own country on machinery brought from their country, again, simply because the rayon or staple fibre factory is owned and managed by Indians. Such insane inhibitions must vanish.

I do not know, however, how Mr. Pranlal proposes to give effect to yet another of his suggestions, namely that, "if the same category of goods is manufactured in the country both by an undertaking, the ownership, management and control of which are in the hands of nationals of the country, and also by an undertaking which is foreign-owned, it should be quite legitimate, within the purchasing rules and procedure, to confine purchase of Governmental requirements to the products of the Indian-owned unit, and, if necessary, in the process, to extend to such products of the Indian unit a preference in the matter of price over the corresponding non-Indian unit functioning inside the country". This may entail constitutional or technical difficulties and, however much one may wish it, it may not be quite practicable. What is practicable, and yet is not being done even by our Congress Governments unfortunately is not to permit additions of any further foreign unit or expansion of existing foreign units when an impartial body such as the Tariff Commission has indicated that the country's demand is being already fully satisfied by the existing units of an industry. Many instances, such as batteries, typewriters, confectioneries, etc., can be quoted to illustrate the lapse in this respect on the part of our Governments. What is urgently needed, therefore, is a change in outlook on the part of everyone, as Mr. Morarji Desai, Chief Minister of Bombay, who was the chief guest of the function, rightly remarked when he addressed the gathering to make a fervent plea for the revival of Swadeshi.

THE ALL-INDIA HANDLOOM BOARD

By

CROESUS

Whether one agress or not with the view that the perpetuation of the handloom, especially in its present form, is not exactly consistent with this country's efforts to raise its standard of living, one has to accept that it is there to stay and will stay because of a variety of considerations, some practical and some sentimental. Perhaps Mr. T. Swaminathan put it correctly when, he said, in his preface to "The All-India Handloom Board—A Brief Survey": "....it is obvious that, in the present and in the immediate future, the handloom industry will have to be sustained in order that the millions depending on it for a living may earn a living and help advance the construction of the country's economy by providing that much extra demand for the products of her industries". There is no gainsaying the fact, implicit in this quotation, that the volume of purchasing power of the handloom weavers and their dependents is quite considerable, but much of it is only potential—and it tends to become so rather often—and requires to be rendered kinetic.

Only if and to the extent that the All-India Handloom Board (A.-I.H.B.) succeeds in this task will it justify its existence. What are the prospects? Two years ago, they were bleak enough to occasion despair but not so today, thanks to the A.-I.H.B. and the splendid and able lead it has had at the hands of its first Chairman, Mr. Swaminathan. I was sorry to note from the speech of Mr. T. T. Krishnamachari, the Union Minister for Commerce and Industry, at the third meeting of the Board, the other day, that he may not be available to the Board for long, as his services are being requisitioned elsewhere. Whoever may succeed him—two names are being strongly tipped, Mr. Govindan Nayar and Mr. Ryan—it is to be hoped, will carry on the good work on the sure and sound foundations laid by him.

Until I heard Mr. Krishnamachari at the Board meeting, I was under the impression that the Commerce and Industry Minister was no lover of the handloom industry at all and even thought that, if he had the chance, he would do his utmost to let it die a natural death, unwept, unhonoured and unsung. However, after hearing him, I realised I was most unfair to him. I now see that what Mr. Krishnamachari is keen on is that the industry should have a fair chance to revive and flourish and he is prepared to do his best for it. Mr. Swaminathan, in his welcome speech at the A.-I.H.B. meeting (it was read for him by Mr. Kazni, as he was unwell and could not attend the meeting) made more than one reference to the kindly intervention of the Commerce and Industry Minister which has made it possible for the industry to be assured of not only the allotment for 1954-55 of Rs. 5 crores but also the unutilised balance of about Rs. 2 crores from the previous year's allocation. He is, however, definite that the Centre has its limitations and the industry cannot hope to be spoon-fed and subsidised by it all the time and for all times. It is the State Governments that have to take the initiative and move, though they could continue to count on the Centre's assistance up to a point. Mr. Krishnamachari is equally clear that the cess on mill made cloth has helped the handloom weaver, but he does not believe that reservation of certain lines of production for the handlooms has done any good to the industry or will do. This is his personal view and, in fact, he made it clear that, in saying so, he did not want to anticipate or influence the Kanungo Committee. Whatever the Kanungo Committee may have to say, this, I think, is the most sensible view that one can take about the handloom industry.

The problems of the handloom industry are too well known to need reiteration. They have been stated and restated, though not solved. Palliatives have been tried and tried in vain, and the realisation has at last dawned that a planned long-term attack alone can save the industry. It is over-simplifying the problem just to say this, as the eight different aspects of the problem and the difficulties involved to which Mr. Krishnamachari himself referred, clearly show. But one or two things seem obvious to me. The future of the handloom industry directly depends on the extent to which it makes use of the co-operative agency—still more than 50 per cent is outside the co-operative fold—and it has got hereafter to think more in terms of loans than of grants or subsidies. Again, as in the other sectors of the textile industry, there is here also urgent need to rationalise. Those who really care for the handloom weaver should at least now forget that they are politicians, as Mr. Krishnamachari pertinently said, and sit down and seriously set unto themselves the task of properly educating the handloom weaver and making him avail himself of all the assistance he is being offered, so that he might earn a few rupees more. Thus and thus only can the politician save himself, the handloom weaver and also the co-operative movement. Time alone will show whether he will seize this last chance perhaps for the handloom industry to recover and stand on its own feet.

BUSINESS NOTES

CRISIS IN MANGANESE ORE EXPORT

The crisis in the manganese ore export trade has hit the mines in Madhya Pradesh hardest of all. This is easily understood in the context of over 60 per cent share of mines in Madhya Pradesh in the total quantity of manganese ore exported from this country. India's exports of manganese ore have slumped heavily in the past few months. Between the financial years 1950-51 and 1952-53, exports rose by volume from 8.2 lakh tons to 13.65 lakh tons and in terms of value from Rs. 8.01 crores to Rs. 20.77 crores. During the first eleven months of 1953-54, the figures stood at 14.33 lakh tons and Rs. 22.37 crores But the decline started at a very steep rate towards the end of 1953. Among the principal steel manufacturing countries, which have provided a regular and sizable market for the Indian ore, are the U.S., the U.K., Germany, Belgium and Japan. The market in the U.S. is of special significance in view of the fact that the U.S. being the premier steel producer in the world and her lead in output being by a very large margin, her lack of domestic resources of manganese ore opens up a continuous outlet for exporting countries. Brazil has been strengthening her position in exports to the U.S. of late, but one major reason for the set-back to Indian exports is to be found in the aggressive export policy now adopted by the U.S.S.R. Unless exigencies of the world situation bring about a change in Russia's policy of the export of this strategic raw material, this competition threatens to stabilise.

The case of the industry as advocated by the Madhya Pradesh Mineral Industry Association for relief reasonably lays stress first on the short-term aspect of the problem in particular. This stress is to be interpreted in the light of the closure of about one-third out of the 200 mines in the State and unemployment inflicted on 25,000 miners. The price of high grade manganese ore has slumped from the recent level of Rs. 145 per ton by about 45 per cent and demand for medium and low grades has virtually disappeared. The Association's demand for redress by substantial relief in the export duty of 15 per cent ad valorem and for adopting a firm export policy is unlikely to improve the situation to any fair extent. Export duties are beating a retreat as the buyers' market is marching ahead and there would be no justification in continuing this levy on manganese ore. A firm export policy, or a flexible export policy, as Mr. K. D. Malaviya, Deputy Minister for Natural Resources and Scientific Research, stated at the meeting of the Indian Mineral Advisory Board early this month at Ranchi, conveys little meaning unless there is a purposeful policy to lower export prices by sizable relief in railway freight costs and by other means. This is also one of the demands made by the Association and in the context of the remote location of the mines in Madhya Pradesh from the ports it needs serious consideration. This problem requires a broad treatment from a long-term viewpoint. The crux is to export the material not in its present comparatively crude form but after processing and refinement. Beneficiation of lower and medium grades has now been started with a small beginning and mineowners in Madhya Pradesh have shown readiness to share their burden in the outlay. One plant valued at Rs. 23 lakhs has already been installed in that State at private cost. Long-term correctives are indicated in the direction of price and quality.

NATIONALISED CIVIL AVIATION

The official report on civil aviation during the second half of 1953—which was the first half-yearly period under nationalisation—discloses a decline in all the different aspects of the operation of the scheduled services except carriage of air mail. The working results of the five non-scheduled services showed similar trends with a much steeper fall in the volume of freight carried. The comparative combined position of the operations of the Air India International and the services run by the Airlines Corporation is shown below:

	Miles flown	Passengers	Freight (Lbs.)	Mail (Lbs.)	Load factor (%)
	(Columns 1, 3 & 4 in millions)				
July-December 1953 ..	9.6	190,315	40.7	4.5	65.2
January-June 1953 ..	9.6	213,677	44.0	4.4	66.5

Some allowance needs to be made for the seasonal fall in traffic during the monsoons, in the period July-December, in assessing the general decline. The results of operation disclose that the recession in air traffic has made its beginning, but it need not deter the new managements. Integrated organisation and energetic drive for tapping new sources of traffic should help to reverse this trend. A conspicuous omission in the report is total silence over replacement of aircraft on the domestic routes on which issue the decision on nationalisation was forced. There is absolutely no reason why statistics of financial operations should be withheld from the report now.

QUALITY ENFORCEMENT FOR PLYWOOD TEA CHESTS

The Indian plywood tea chest industry has absorbed the shocks of competition and has overcome consumer prejudice in a considerable degree. This result was achieved by the combination of the industry's own effort and the protection and direct assistance which it received from the Government. The boom in production has passed since the high level of output was achieved in 1951. Separate production figures of tea chests and commercial chests are not available for this year, but the magnitude of the boom can be gathered from the fact that total production at 171,140 sq. ft. was considerably in excess of the installed capacity of 150,710 sq. ft. Next year there was a complete reversal in both the respects, capacity having been raised to 171,000 sq. ft. and production having declined to 90,466.3 sq. ft. The warning of this trend was heeded in time and capacity was reduced to 144,000 sq. ft. But output went to a still lower level at 58,055.4 sq. ft. In the last two years, production of tea chests out of the above total output figures was 78,227.5 sq. ft. in 1952 and 47,427.4 sq. ft. in 1953. The decline in output need not be regarded wholly as a matter of regret since it accounts, in some measure at least, for the disappearance of several mushroom units.

Nevertheless, positive improvement in the direction of quality control is certainly indicated, if the present position is to be consolidated for expansion at an appropriate time. Since the Indian tea industry has now set on the way to establish continuous overseas markets, besides the traditional one in London, and cultivate popularity for this beverage in the U.S. and Canada, attractive and strong packing cannot be ignored. It is widely known how Ceylon scores over India in this specific requirement. The administrative machinery which has been set up by the Union Commerce and Industry Ministry for inspection of plywood panels should be welcome to all interests. The standard specifications laid down by the Indian Standards Institution are to be strictly adhered to in the random inspection of 25 per cent of the products and approved stock is to be stamped for the security of buyers. Government inspectors' powers to inspect the materials in the process of production and advise rejection of unsuitable ones is a precautionary measure of a consultative nature. Approved factories and purchasers will find this machinery to their advantage. Any modification in it after some experience is a matter of procedural detail, but the principle of inspection is unexceptionable.

EXECUTION OF TRADE POLICY

Mr. C. B. Parikh's presidential speech at the first quarterly meeting of the Indian Merchants' Chamber, Bombay, accords full recognition to the fact that questions of foreign trade plicy have been so fully discussed and the broad outline of the policy drawn with such general agreement that what now needs to be done is active implementation of the principles accepted. Differences that do arise and are bound to arise from time to time will relate to matters of detail rather than to matters of policy. India's trade deficit during 1953-54 was held at the comparatively low level of Rs. 38 crores in spite of a decline of Rs. 51 crores in exports relatively to 1952-53 because of the shortfall in imports. Indications about the future prospects clearly show that expenditure on development projects at a faster rate and the technique of deficit financing will entail a considerable increase in imports. While the import front needs to be watched, exports will have to be stimulated on a massive scale.

Action on the part of the trade is as much important as action which Government will take in securing equilibrium in the two-way trade. Mr. Parikh urges that the proposal to start Export Promotion Councils for individual products or their groups must be given practical shape without delay and here the trade will have to exert its wits to make a success of these councils. His advocacy of sending trade delegations or representatives to make personal contacts and market research is again a task that devolves, for the major part, on the trade. Mr. Parikh welcomes the new emphasis in import policy on higher duty accompanied by liberalisation of quotas; but on the specific issue of the operation of the policy and safeguards to modify it in the interests of indigenous production which will feel its impact, he is not clear. He suggests that the effect of liberalisation of quotas on indigenous industry and of increased import duties on industrial or ordinary consumers requires careful watch. But it is doubtful how automatic adjustment of tariff rates can be secured as he hints at. Adjustment to correct the hardship must be the function of experience over a peroid of time and corrective action in the light of market conditions then prevailing. His suggestion for granting rebate of import duty where the higher rate falls on imported articles used in the home manufacture of products is worthy of consideration, although this relief will necessitate an intricate machinery for assessment.

ROADS IN TRANSPORT PLANNING

In a Note on Tronsport Planning and Development tendered to the Government of India, the Automotive Manufacturers Association of India goes into an elaborate analysis of the relative position of railways and roads as integral parts of the transport component of the development plan. The Association rightly aims at removing the erroneous impression, which has gathered firm root, that transport development is virtually co-extensive with railway development and a minor function is assigned to the other sectors of transport including roads in subserving the expanding requirements of traffic. This theory has now been exploded by the crisis of transport created by the recurring bottlenecks in railway transport. The plain truth is being conceded that in a sub-continental country, with an expansive land mass but limited financial resources for outlay on development, railways must be regarded as a long-term and slow agency of expansion, whereas roads must be assigned a much more important place in expansion as well as allocation of financial resources. Without them the development projects in the vast countryside cannot be executed. Even for movement of traffic to the urban markets and industrial centres, roads have to be given a key position.

By reason of physical and geographical environments, the case of the United States comes very near to that of our country in respect of transport development. Where the Association lays central emphasis on the percentages of freight traffic moved by road and rail in the United States—75 per cent and 14 per cent respectively—and draws freely on international statistics relating to motor vehicles and transport, the purpose is not to suggest the achievement of a similar ratio here, but to correct the lopsided emphasis that is placed on railway development in this country. It is a stark truth that State policy is responsible for preventing motor transport, at the existing level of road facilities, from moving ten times the freight traffic that is carried at present and on the contrary keeping 30 per cent of the private vehicle capacity completely idle. The Association has listed taxation, nationalisation, zonal licensing, correlating revenue earning standards to road development as the principal factors which are putting severe restrictions on healthy road transport expansion. This analysis has now become well accepted. But the present stalemate cannot be broken until the State Governments are persuaded to subordinate their immediate revenue interests and pet policies to the larger interests of the nation's economy.

INDO-BRITISH TRADE: APRIL 1954

Trade between India and the U.K. in April last showed a decline as regards both imports and exports compared to the monthly rate in the first quarter of the current calendar year. The U.K. Board of Trade figures disclose that India's imports in April were valued at £8.92 million and exports at £9.09 million as against a monthly rate in the first quarter of approximately £10 million for imports and of £13.6 million for exports.

The composition of the trade is interesting as reaffirming the essential inter-dependence in staple articles. Machinery was easily the most prominent part of India's imports from the U.K. in April and it accounted for 40 per cent of the total. This was composed of £2.40 million worth of non-electrical machinery (the vital component being textile machinery valued at £615,000) and £1.14 million worth of electrical machinery including apparatus and appliances. Vehicles occupied the second major place in machinery imports and their value was £1.17 million composed principally of £883,000 worth of road vehicles and £289,000 worth of railway rolling stock. Another important group of imports was chemicals valued at £1.10 million. India proved to be U.K.'s second largest buyer of chemicals.

On the export side, tea took the first place valued at £2.88 million for 124,115 cwt. which represented 50 per cent of U.K.'s total tea offtake. Miscellaneous textile manufactures—comprising chiefly jute piecegoods, sacks, bags and coir yarn—accounted for £1.55 million. Leather and its manufactures and furs brought India an income of £1.02 million. Over 30,850 tons of manganese ore valued at £498,000 formed a strategic export to the U.K. While a slump in tobacco trade is on in South India, it is well to remember that India is next only to Canada in supplying this commodity to the U.K. Indian exports of tobacco amounted to 1.6 million lb. worth £379,000. Wool and raw cotton came much lower.

UNITED INDIA LIFE ASSURANCE CO.

The steady progress which the United India Life Assurance Company has been making since its inception a little less than half a century ago was carried a step

further in the calendar year 1953. Expansion of business has taken place inside the country as well as overseas. The measure of progress from every angle, covering the wide range of the company's operations, is quite evident from the statistical position set out by the Chairman, Mr. N. Rama Rau, in his annual speech, which appears elsewhere in this issue. An important step towards rationalisation which the company has taken recently is the formation of Local Boards in Malaya and Ceylon with the purpose of improving its standard of administration and scope of service in those countries. The company has fallen in line with leading life insurers in the country in reducing its rates of premia and, in the words of the Chairman, this reduction is substantial. Satisfactory improvement in the actual mortality experience is undoubtedly the major cause which encouraged this reduction, but effective curb on management expenses and higher earnings from interest on investments are also important contributory factors. The last one is neither steady nor within the control of insurers and hence a continuous effort to reduce costs is essential, if insurance is to make a successful appeal to the public through attractive rates of premia.

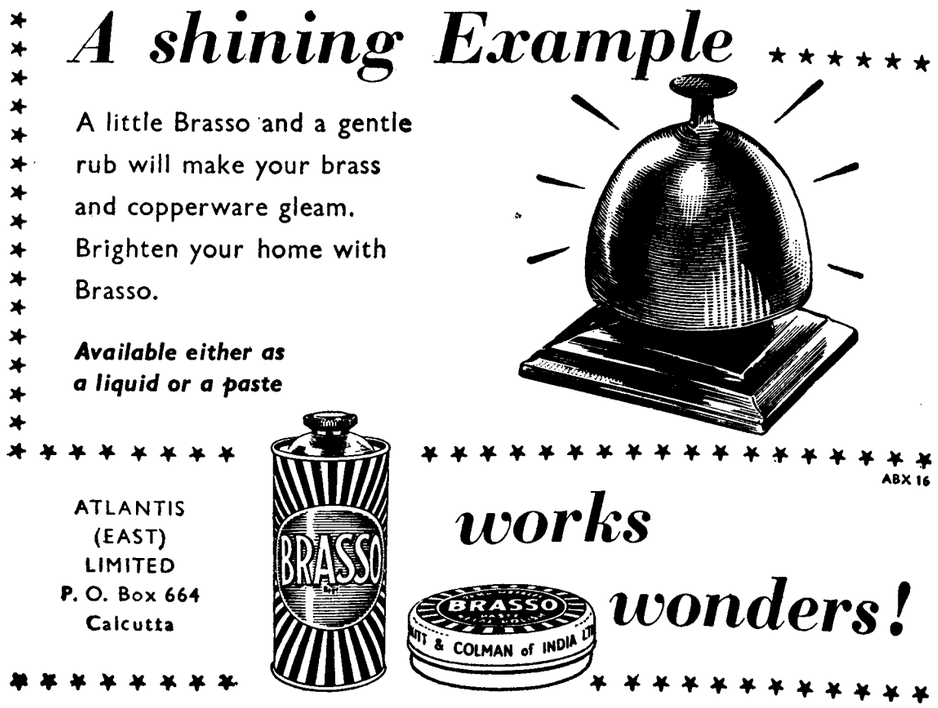
PROTECTION TO SEWING MACHINES INDUSTRY

Opening the public inquiry into the case of the sewing machines industry for protection, Mr. M. D. Bhat, Chairman of the Indian Tariff Commission, stressed that although the sewing machines industry had made striking progress during the last seven years, much still remained to be done to improve the quality of its products so as to bring it up to the highest international standards and to reduce the costs of its production. A sewing machine being an appliance of daily use, there was vast scope for developing the internal market by popularising its use in remote places in the countryside and by making it available at a cheap price. Enlarging the scale of production and lowering of prices would also enable the industry to build up large export markets. There were indications, however, that the tempo of world competition might increase, but the industry need not fear such competition, if it could develop its own strength by eliminating all deficiencies and weaknesses which impaired its competitive position.

Even a rapid examination of the development of the industry would show that it had made gratifying progress and had amply justified the grant of protection. The capacity of the industry, which was estimated at 8,000 sewing machines in 1946-47 and 17,000 sewing machines in 1948-49, had increased to 66,700 machines at present. Actual production had increased from about 7,000 machines in 1946-47 to 64,139 machines in 1953. Capital investment in the industry and the number of workers employed have also recorded a marked increase. The manufacture of industrial sewing machines had also been undertaken in recent years.

Referring to domestic demand, Mr. Bhatt said that at the last inquiry in 1949, the demand was estimated at 90,000 sewing machines, comprising 54,000 domestic sewing machines and 36,000 industrial sewing machines. In connection with the present inquiry, he said, the Commission had received estimates of demand ranging from 70,000 to 155,000 sewing machines. Official estimates, however, placed the demand at about 124,000 sewing machines.

Producers of indigenous sewing machines claimed their products to be as good as the best imported products and some of the Governments and consumers also expressed a favourable opinion about the quality of the indigenous sewing machines. The indigenous producers of sewing machines have asked for continuance of protection for a minimum period of three years. Some of them have also asked for complete ban on imports of sewing machines as the entire domestic demand can be met by indigenous production. In addition, they have asked for continuance of full facilities for importing such raw materials as are not available from indigenous sources.



COMMODITY NEWS AND NOTES

INDIA'S RECORD COFFEE CROP THIS SEASON

The revised estimate for the 1953-54 season of the coffee crop has been placed at 29,000 tons made up of 22,250 tons of Arabica coffee and 6,750 tons of Robusta. This a record crop for India. A Press communique issued after the Indian Coffee Board's meeting recently stated that the crop estimate for the coming 1954-55 season was placed at 22,000 tons, made up of 12,500 tons of Arabica and 9,500 tons of Robusta.

An export allocation of 3,000 tons out of the 1953-54 crop over and above 5,000 tons already sold for shipment was recommended by the Board. The Board decided to consider the question of further exports in August. To popularise coffee drinking in North India, the Board decided to appoint agencies to sell coffee powder at important places.

FOOD PRODUCTION AND POPULATION INCREASE

Dr. F. W. Parker, U.S. Agricultural Adviser to the Government of India, in his memorandum on the country's fertiliser requirements points out that with her population increasing at an average rate of 1.25 per cent a year, India will have to depend upon large-scale food imports.

He estimates that at the end of 27 years from now the total population of India will be about 51,10,00,000 as compared with the present 36,00,00,000. Calculating on the basis of a normal daily intake of 1,750 calories per head, as against 2,100 calories in South-East Asia and 2,200 in Japan, the U.S. expert estimates that increase in food grains by 1959-60 should be about 6,70,00,000 tons.

But the sustainable increase in food production, he feels, is not likely to exceed 40,00,000 tons at the close of the present decade, which will thus leave a large deficit.

Dr. Punjabrao Deshmukh, Union Minister for Agriculture, is understood to have written to the various State Agricultural Ministers asking for suggestions for the improvement of agriculture in the country.

ENCOURAGEMENT TO QUININE PRODUCTION IN INDIA

Indigenous quinine production is to be encouraged even though rich dividends are not forthcoming. Higher duty on imports may be levied to subsidise domestic producers. Output from State-owned plantations in Bengal and Madras amounts to 1,00,000 lbs. The deficit is met by purchases from abroad; and in 1952-53 as much as 72,410 lbs. of quinine were imported. Specifics for malaria not made from quinine are also being imported. The value of such imports in 1952-53 was Rs. 14,00,000.

WORLD TEXTILE DEMAND INCREASES

According to Dr. R. Robson, Director of Statistics, British Cotton Board, during the last 40 years, the world demand for textiles has increased by more than 65 per cent.

Despite the increase, cotton consumption has not forged ahead at the same rate, for rayon and synthetic fibres have taken about one-half of the increased market. At the same time the per capita consumption of cotton goods has remained almost stationary. In the European and Japanese areas, the annual rayon and synthetic fibre capacity is, he says, almost equal to the annual cotton consumption.

LANCASHIRE CONCERNED OVER JAPANESE EXPORTS

Lancashire interests are concerned over Japanese exports of cotton piecegoods. During the first quarter of this year, the Japanese sold 327,000,000 square yards against 279,000,000 square yards in the previous year. British cotton exports in this period dwindled by nearly 7,500,000 square yards.

The biggest buyer of Japanese products was Indonesia taking almost a third of the exports in the first quarter, Pakistan, another large-scale customer purchased 41,000,000 square yards. British exporters complain the Japanese are aided by Government subsidies, some of which are hidden.

RECORD WORLD RICE YIELD EXPECTED

World production of rice will set a new record this year, according to estimates of the U.S. Department of Agriculture. The Department in a survey of rice crops in five continents said a third revision of estimates showed that production would reach 267,000 million lbs. weight for the year ending July 31, compared with the previous record of 254,000 million lbs. set last year. The Department of Foreign Agriculture Service reported that the major gain in acreage and production was in Asia which accounts for 18 per cent of this year's world crops excluding that of China, North Korea and Soviet Union. Throughout the rice season growing conditions in India and Pakistan were the best in many years. These two countries after China are the world's largest producers of rice.

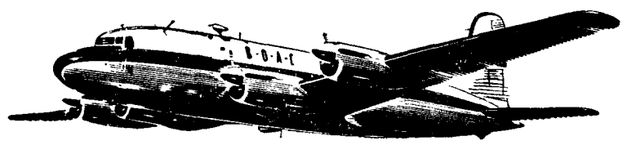
U.K. FACES TEA SHORTAGE

The United Kingdom tea trade circles are concerned about the small stocks until further new supplies become available from Northern India, in August. In May, stocks amounted to just over 94,500,000 lbs., and with the consumption rate of around 10,000,000 lbs. a week the level of stocks is causing uneasiness. Small blenders are affected most, the larger buyers being confident that their supplies are adequate. One cheering factor arising out of all this is the very clear evidence that public demand for tea, not only in U.K. but in Europe and the United States, continues steadily to rise.

BRITAIN STEPS UP RAW COTTON IMPORTS

British Board of Trade statistics reveal that Britain is stepping up her raw cotton imports, particularly from Egypt. In April British purchases from the Middle East amounted to 934,429 cantars worth £11,905,806, bringing the total for the first four months of the year to over 3,500,000 cantars worth £42,146,748, compared with 2,826,010 cantars worth £35,775,489, during the corresponding period last year. Most spectacular increases are shown in imports from Egypt—115,375 cantars worth £2,076,719 in April, bringing the total for the first four months of the year to 523,603 cantars worth £8,799,088, compared with only 143,124 cantars worth £2,281,836 during the corresponding period of last year. British raw cotton imports from Syria during the period under review were valued at £1,080,522 —more than half the figure for the same period last year.

The value of these imports from the Sudan rose by about £700,000 to £1,832,749, while figures for Pakistan (£2,805,325) and India (£1,224,616) were virtually the same as last year. Supplies from Iraq dropped in value from £87,580 last year to £75,210 this year; those from Turkey from £162,310 to £40,957; and, from Greece from £167,774 to £35,830. Britain's biggest raw cotton supplier is the United States. Britain imported £10,807,291 worth of American cotton during the first four months of this year or roughly £2,000,000 less than the figure for the corresponding period of last year. Brazil, who ranks third after the United States and Egypt as a supplier of Britain's raw cotton needs, sold £4,945,785 worth this year compared with just over £1,000,000 last year.



SAVE RS 720

BY B.O.A.C. TOURIST SERVICES

TO TOKYO

Fly Tourist to Tokyo and save time and money. Same high B.O.A.C. standards. Fully pressurized 4-engined airliners. Skilled B.O.A.C. flight crews. Complimentary meals. Bar service. Prompt, courteous attention ; no tips. Liberal stop-over privileges... all this and big savings too.

From DELHI	STANDARD Return Fare	TOURIST Return Fare	SAVINGS
To BANGKOK	Rs. 1,260	Rs. 1,008	Rs. 252
„ HONGKONG	Rs. 2,114	Rs. 1,682	Rs. 432
„ TOKYO	Rs. 3,626	Rs. 2,906	Rs. 720

Consult your Travel Agent or B.O.A.C., Speedbird House, Service Rd., Connaught Place, New Delhi 1. Phone: 43978, 44234, 45085 &.47356

B.O.A.C. TAKES GOOD CARE OF YOU

FLY B·O·A·C

BRITISH OVERSEAS AIRWAYS CORPORATION

COMPANY AFFAIRS

LARSEN AND TOUBRO LTD.

The Directors' Report of Larsen and Toubro Ltd. (Managing Agents: Larsen and Toubro (Management) Ltd.) for the year ended March 31, 1954, discloses an increase in direct sales from Rs. 1,62,79,913 in 1952 to Rs. 1,92,15,897 in the year under report, which together with indirect sales makes a total sales turn-over of over Rs. 2.5 crores. Large orders for tractors and equipment were secured from the Madhya Pradesh and Mysore Governments for irrigation projects under the Plan. Important agencies secured during the year were of Duncan Stewart and Co., Ltd., Glasgow, for sugar machinery and plant; Picker International Corp., U.S.A., for X-ray equipment and Eutetic International S.A. Panama, for special low temperature welding alloys. Branch Offices are reported to have worked satisfactorily and Manager Companies have shown steady progress. Income from Managed Companies was Rs. 7.33 lakhs. The Company's trading profits were at Rs. 39.39 lakhs, Commissions received during the year were Rs. 10.02 lakhs. Depreciation on buildings and plant was Rs. 2.11 lakhs. Managing Agency Commission absorbs Rs. 1.29 lakhs; provision for taxation was Rs. 5.0 lakhs due to excess provision in the previous years, and due to larger income from dividends on investments on which Income Tax has already been deducted. Net profit (before providing for Taxation) amounted to Rs. 11.66 lakhs.

The Company's issued and paid-up Capital increased during the early months of 1954 from Rs. 45 lakhs to Rs. 50 lakhs. The current liabilities including provision for Taxation amount to Rs. 146.98 lakhs, which have been covered by a margin of Rs. 43.04 lakhs by current assets aggregating Rs. 190.02 lakhs. Gross block at Rs. 19.26 lakhs stands written down to Rs. 9.88 lakhs. Out of the available balance of Rs. 6.84 lakhs, the Directors recommend the transfer of Rs. 2.25 lakhs to General Reserve Fund, and the payment of dividend at 10 per cent on Ordinary Shares (free of Income Tax) absorbing Rs. 3,20,000, and 5 per cent on Preference Shares absorbing Rs. 65,000, totalling Rs. 3.85 lakhs. After writing off Rs. 10,000 being brokerage and commission on new shares, Rs. 48,000 being deferred expenditure, the sum of Rs. 15,735 is left to be carried over. The Directors expect that the demand for tractors, industrial equipment and implements will increase and are confident that Company will be able to handle the increased business. The working results of the Company are tabulated below:

Year ended March 31	1953	1954
By sales (Rs.)	1,62,79,913	1,92,15,897
Gross profit (Rs.)	43,58,862	39,38,716
Commissions received (Rs.)	7,43,938	10,02,149
Dividends paid (Rs.)	3,63,058	3,85,000
Profit for year (Rs.)	11,49,951	11,65,799
Depreciation (Rs.)	2,71,555	2,10,776
Provision for taxes (Rs.)	5,45,000	5,00,000
Transfer to general reserve (Rs.)	..	1,00,000

THE BANK OF RAJASTHAN LTD.

The Eleventh Directors' Report of the Bank of Rajasthan, Ltd. for the year ended December 31, 1953 shows no change in the number of branches, though one new branch was opened and another closed, leaving the number of operating branches at 25. The sum of Rs. 24,000 from the year's profits have been transferred to Reserve Fund. An all round increase in deposits is evident. Fixed deposits increased by Rs. 7,32,266 and Savings Bank and Current Account Deposits increased by Rs. 4,61,695 and Rs. 10,64,043 respectively. Total deposits, therefore, increased from Rs. 1,50,69,078 to Rs. 1,73,31,569, i.e. by 15.01 per cent over the year 1952. Liquidity of resources during the year remains at a high level. During 1953 (figures for 1952 given in brackets) Cash and Bank Balances stood at Rs. 61,79,422 (Rs. 48,25,870); Investment at Rs. 63,02,392 (Rs. 55,80,760); Bills at Rs. 15,34,106 (Rs. 11,85,409); Total liquid Assets at Rs. 1,40,15,920 (Rs. 1,15,92,039). Per cent of Demand Liability 135.9 (123.2) and per cent of Total Liability 77.4 (71.4).

With the rise in deposits, there was an increase of Rs. 6,75,618 in investment, now standing (below face value) at Rs. 62,56,378; all this investment is in Government securities. Their maturity distribution is tabulated below:

	Face value	% of total investment
Up to five years (Rs.)	33,20,000	53.07
Five to ten years (Rs.)	21,09,400	33.71
Ten to fifteen years (Rs.)	8,27,000	13.22
Over fifteen years (Rs.)	..	..
TOTAL	62,56,400	100.00

It is disclosed that 99.8 per cent of the advances at Rs. 53,67,010 are fully secured. Of the total amount of bills of Rs. 15,34,106 documentary bills are for Rs. 12,94,849 and clean bills are for Rs. 2,39,257 or 84.41 and 15.59 per cent respectively, all of which are payable on demand. Gross profits for the year were 13.7 per cent higher than last year at Rs. 8,96,728-11-11, but net profits were unable to keep pace because of operation costs. Net profits together with Rs. 2,594-9-4 brought forward from last year's account amount to Rs. 1,08,091-7-1. The Directors recommend transfer of Rs 24,000 to Reserve Fund; Rs. 50,000 towards Income Tax Account; a dividend of 3½ per cent free of Income Tax absorbing Rs. 32,017-13-3 with the sum of Rs. 2,073-9-10 to be carried over to the next year. The implementation of the recent Bank Award is estimated to be likely to cause a 38.49 per cent increase of expenditure for the current year.

THE KATAKHAL-LALA BAZAR RAILWAY CO., LTD.

The Directors' Report of the Katakhal-Lala Bazar Railway Co., Ltd. (Managing Agents: McLeod and Co., Ltd.) for the year ended March 31, 1953 discloses total Capital Outlay on Final Heads at Rs. 15,16,175 as against Rs. 15,16,159 at the close of the previous year. Capital subscribed amounts to Rs. 8,91,100 and 3½ per cent Debenture Capital Rs. 6,50,000. Gross Earnings during the year were at Rs. 1,91,397 and working expenses, which under the agreement with the Working Agency amount to 50 per cent, were retained from gross earnings by the Assam (now North-Eastern) Railway and the balance of Rs. 95,699 has been carried to Net Reserve Account. Under this account after including sundry petty receipts and allowing for debenture interest and other charges as also moiety of profit over 5 per cent payable to the Government of India in terms of the contract and reserving Rs. 29,546 for taxation, there is a surplus of Rs. 31,837, enabling the payment of dividend at the rate of Rs. 4-12 per share (less Income Tax) for the year under review, absorbing Rs. 31,216. The balance of Rs. 621 is to be transferred to Reserve.

An aggregate amount of Rs. 30,142-7 is due from Government in respect of Income Taxes on Government Share of profit and Debenture Trustees fees for the years 1948-49 to 1952-53, which the North-Eastern (late Assam) Railway have been refusing to pay. The matter has been referred to the Railway Board. A total of 609,284 passengers and 4885 tons of goods were carried in 1953 as against 713,684 passengers and 7724 tons of goods the previous year. The working results of the Company are tabulated below:

Year ended March 31	1951	1952	1953
Capital outlay (Rs.)	15,14,714	15,16,159	15,16,175
Gross earnings (Rs.)	2,01,707	2,31,260	1,91,397
Earnings per mile per week (Rs.)	168	189	157
Net earnings (Rs.)	27,941	37,476	31,837
Amount recd. from Government (Rs.)	..	..	(30,142)*
Dividend (Rs.)	27,109	32,859	31,216
Carried forward (Rs.)	..	..	..
Mileage run (Miles)	N.A.	50,692	50,370

* Amount due from Government, not yet paid.

THE BANKURA-DAMOODAR RIVER RAILWAY CO., LTD.

The Directors' Report of the Bankura-Damoodar River Railway Co., Ltd. (Managing Agents: McLeod and Co., Ltd.) for the year ended March 31, 1953 discloses Capital Outlay on Final Heads at Rs. 39,80,535. Capital Subscribed amounts to Rs. 34,00,000 and 3½ Debenture Capital to Rs. 4,00,000. Gross Capital Outlay, inclusive of Suspense Heads amounts to Rs. 41,93,461, the balance being met by means of an overdraft from the Imperial Bank of India secured by deposit of a second series of Bearer Mortgage Debentures of Rs. 4,00,000 and a temporary loan from the Revenue Account. The Central Government have granted a temporary loan of Rs. 4,00,000 from Revenue Reserve Fund to repay the 3½ per cent Debentures due for redemption on March 31, 1953.

Gross Earnings during the year amounted to Rs. 8,51,125 and working expenses Rs. 7,85,356. Net earnings at Rs. 65,769 were carried to Net Revenue Account. Under this account, after including share transfer fees, and meeting the interest payable on debentures, overdraft, etc., there is a surplus of Rs. 36,297, which to make up the amount required for the guaranteed interest at 3½ per cent calls for a total subsidy of Rs. 82,703 from the Government of India in terms of the agreement. The Super Tax not being allowed as an item of working expenses and the Reserve Fund being depleted, dividend has been recommended at the rate of Rs. 2-11 per share (less Income-tax) for the year under review. A total of 886,940 passengers and 844,950 maunds of goods were carried in 1953 as against 787,358 passengers and 844,515 maunds of goods the previous year. The working results of the Company are tabulated below:

Year ended March 31	1951	1952	1953
Capital outlay (Rs.)	39,76,615	39,80,535	39,80,535
Gross earnings (Rs.)	7,78,931	7,78,873	8,51,125
Earnings per mile per week (Rs.)	249	249	273
Net earnings (Rs.)	—21,129	—80,305	65,769
Amount recd. from Government (Rs.)	1,40,129	1,99,305	4,82,703*
Carried forward (Rs.)	..	..	..
Mileage run (Miles)	N.A.	1,39,080	1,40,053

* Includes Rs. 4,00,000—loan granted by Central Government from Revenue Reserve Fund. Does not include Rs. 4,00,000 recd. as ovedraft from Imperial Bank.

THE AHMADPUR-KATWA RAILWAY CO., LTD.

The Directors' Report of the Ahmadpur-Katwa Railway Co., Ltd. (Managing Agents: McLeod and Co., Ltd.) for the year ended March 31, 1953 discloses Capital Outlay on Final Heads at Rs. 20,77,071. Capital subscribed amounts to Rs. 17,24,000 and the Gross Capital Outlay inclusive of Suspense Heads to Rs. 20,87,908, the balance being met by means of temporary loans from the Government of India, and also from Revenue Account. The Government have granted a temporary loan of Rs. 3,00,000 from Revenue Reserve Fund to repay the 3½ per cent Debentures which were redeemed on October 28, 1952. Claims for Rs. 1,00,000 only were received and paid up to March 31, 1953.

Gross Earnings for the year amounted to Rs. 4,99,621 while the working expenses totalled Rs. 4,54,015. Net earnings of Rs. 45,606 were carried to Net Revenue Account. Under this account, after including share transfer fees and meeting the interest payable on debentures and other charges there is a surplus of Rs. 35,116, which to make up the amount required to pay the guaranteed 3½ per cent interest on Share Capital, calls for a total subsidy of Rs. 25,224 to be recovered from the Government in terms of the agreement. As Super Tax is not allowed as an item of working expenses and the Reserve Fund has been depleted, it is recommended that dividend be paid at the rate of Rs. 2-11 per share (Income Tax free) for the year under review. During the year a total of 852,926 passengers and 538,864 maunds of goods were carried as against 872,817 passengers and 585,169 maunds of goods during the previous year. The working results of the Company are tabulated below:

Year ended March 31	1951	1952	1953
Capital outlay (Rs.)	20,76,902	20,76,924	20,77,071
Gross earnings (Rs.)	4,58,483	4,91,127	4,99,621
Earnings per mile per week (Rs.)	275	292	298
Net earnings (Rs.)	64,033	23,988	45,606
Amount recd. from Government (Rs.)	..	36,352*	3,25,224÷
Carried forward (Rs.)	..	..	..
Mileage run (Miles)	N.A.	87,900	86,326
Dividend per share per annum (Rs.)	2-13-0	2-11-0	2-11-0

* Interest at the rate of 3½ per cent per annum less taxes is guaranteed by the Government. Dividend (less Income Tax) and surcharge, payable on receipt of the deficit from the guarantor.

÷ Includes temporary loan by Government of Rs. 300,000 and subsidy of Rs. 25,224.

THE EASTERN ECONOMIST
(Subscription Rates)

	Payable in advance India Rs.	Foreign Rs.
Annual	50	66
Half-yearly	25	33

Copies delivered by air in Bombay, Calcutta and Madras at an extra cost of Rs. 9|- per year.

Foreign air rates on application. Offices in New York and Tokyo.

Manager,
THE EASTERN ECONOMIST LTD.,
52, Queensway,
NEW DELHI.

COMPANY MEETING

THE UNITED INDIA LIFE ASSURANCE COMPANY, LIMITED, MADRAS.

The following are extracts from the speech delivered by Mr. N. Rama Rau, Chairman of the Board of Directors, at the Forty-eighth Annual General Meeting of the Shareholders of the Company held on Friday, the 4th June, 1954.

Gentlemen,

It is natural that our thoughts on this occasion should be full of the great tragedy in which our late Chairman, Shri M. Ct. M. Chidambaram Chettyar, lost his life in a plane crash in Singapore on March 13th, this year. This sad event has cast a gloom around us. We are all filled with a deep sense of the loss that his sudden death has caused to his family, to this Company and to the various institutions with which he was associated, and to his numerous friends. He was comparatively young when in 1931 he was elected as Chairman of this Company—a position which he continued to hold till his death. As a colleague of his, on the Board of Management of this Company during all these years, I can say without hesitation that but for his far-sighted vision, forceful personality and his wise direction, this Company could not have risen to its present stature. I note with satisfaction the desire expressed by you that this Meeting may place on record our sorrow for the death of Shri Chidambaram Chettyar and our appreciation of the services rendered by him to the Company.

To mark our respect for the memory of our late Chairman, Shri Chidambaram Chettyar, may I now request you all to stand and observe silence for two minutes.

I now have pleasure in presenting to you the Report of the Board of Directors and the Accounts of the Company for the year ended 31st December, 1953. The Report and the Accounts have now been in your hands for some time and I take it that it is your desire that they may be taken as read and I would request you presently to receive and adopt the same.

Our new business for the year amounted to 13,266 policies assuring a sum of Rs. 3,79,25,695. The annual premium income arising out of the above new business was Rs. 21,47,758.

The average sum assured per policy in respect of the above new business was Rs. 2,858 as against Rs 2,757 in the previous year.

The business in force as at 31st December, 1953, was 1,16,923 policies assuring a sum of Rs. 26,96,57,855 registering an increase of 3,583 policies and Rs. 2,04,68,897 sum assured during the year.

The renewal premium income of the Company for the year was Rs. 1,01,43,600 registering an increase of Rs. 4,93,491 over the previous year.

The income from Interest, Dividends and Rent less income-tax thereon amounted to Rs. 28,73,169 as against Rs. 23,57,992 in the previous year. The yield on the Mean Life Assurance Fund during the year was 4.32 per cent (gross) and 3.82 per cent (net) as against 4.27 per cent (gross) and 3.25 per cent (net) in the previous year.

A special reserve of Rs. 40,857 has been created towards mortgage loans. The total investments of the Company stand in the books at Rs. 24,08,168, more than their relisable or market values, against which our Investment Reserve Fund of Rs. 26,50,000 is more than adequate.

The Life Assurance Fund has increased during the year by Rs. 63,17,545 as against the corresponding increase of Rs. 43,90,819 during the previous year and now stands at Rs. 7,48,98,593.

The net benefits paid by the Company to its policyholders during the year amounted to a sum of Rs. 48,12,741, of which claims by maturity amounted to Rs. 29,88,766, claims by death Rs. 10,11,490 and annuities and surrenders to Rs. 8,12,485. The total amount of benefits paid to the policyholders by way of claims from the inception of the Company is Rs. 3,43,07,415.

Although it is gratifying to note that life insurance business has made rapid strides during the last thirty years, it is not flattering to be told that the number of policies in force at the end of 1952 was less than one per cent of the total population and that the per capita insurance coverage is less than Rs. 25. I firmly believe that there is a bright future for life insurance in India. There are two important factors which I expect will contribute to a rapid growth of life business in future: One is the tremendous and determined effort now being made for expansion of industry and agriculture. This effort is bound to yield good results by raising living standards and adding to the economic wealth of the country. The other factor arises out of the changes that are taking place in our social life and in the gradual dissolution of the Hindu Joint Family system. In the economic sphere, emphasis is being gradually laid on the independence and self-sufficiency of the individual rather of the family as a whole. With the isolation of the individual from the family, there will necessarily arise a greater dependence on the security afforded by life insurance.

It will be of interest to you to note that we have recently effected a substantial reduction in our premium rates. This reduction was made possible by the steady improvement in our mortality and a higher yield on our investments and the good results arising out of a constant effort to keep within limits our expenses of management. I sincerely hope that the reduction in rates now adopted by a large number of companies will be followed by progressive reduction in cost in due course and that life insurance will become a really attractive feature in the planning of the common man's life.

With the object of safeguarding the interests of the policyholders, the Insurance Act of 1950 enacted several provisions for the regulation and control of investments of life assurance funds in the hands of Companies. Although these provisions met with some hostile criticism on account of the insistence that a large proportion of such funds should be kept invested in Government and approved securities, yet, it must be admitted that the need for regulation of investments became urgent and that the law did not come into force a day too soon. In this context, it will give us satisfaction to think that

the authorities of "United India" had realised a quarter of a century ago the wisdom of placing a restriction on investments very much on lines of the scheme since adopted by the Insurance Act. The "Trust Deed" which came into existence in 1928 has served the Company very well. It seems to me, however, that having regard to the existing comprehensive provisions of the Insurance Act on this subject, the value of and need for the Trust Deed may not be apparent hereafter.

Before leaving the subject of investments, I should like to refer to our investments on buildings. The buildings which the Company owns in Madras, Bombay, Calcutta, Delhi and other places form very valuable assets of the Company. Their total market value is far higher today than when these investments were made. We have not, however, taken credit for the increase in value in our accounts, so that the large difference between the market and book value forms a sort of hidden reserve to strengthen the Company's position and enhance the security of the policyholders.

With regard to the development of foreign business, we have latterly set up Local Boards in Malaya and Ceylon. It is hoped that in due course these Boards will serve to make the Company more popular and be helpful for the development of the Company's business and the improvement of its administration in the countries concered. On your behalf, I should like to thank the Local Advisory Boards for the keen interest they have evinced in the affairs of the Company and the readiness with which they have given their valuable advice from time to time.

It is also my desire to take this opportunity to express my appreciation of the services of our staff both at the Head Office and in the Branches, of our medical examiners and of all the field workers and agents.

Just Out!

HINDUISM

DOCTRINE AND WAY OF LIFE

by

C. Rajagopalachari

This is an expansion of the same author's **VEDANTA, The Basic Culture of India,** and presents in a brief and fairly understandable form the elements of Hindu faith and ethics, a knowledge of which will enable one to grasp the ethos of India.

Superior Cloth Binding **Price Rs. 3/-**

Postage Re. 1/- extra

The Hindustan Times

NEW DELHI

THE HIND BANK LTD.

9, ROYAL EXCHANGE PLACE, CALCUTTA.

FOR COMPLETE BANKING SERVICE

SUBSCRIBED CAPITAL . Rs. 1,00,00,000
PAID-UP CAPITAL .... Rs. 50,00,000
RESERVE FUND ..... Rs. 22,00,000

Connections in all principal centres of the world

Chairman Mr. K. P. GOENKA — General Manager Mr. S. D. PARDIWALLA.



CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261 6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.4	359 2	367.4	686.6	397.5	90 4	100.6	87.4	95.7
August 1953 ..	407.0	488.7	364.7	370.8	706.0	410.4	90 3	100.7	87.9	92.6
September ,, c ..	399.0	475 3	363.8	364.4	717.4	403.8	90 3	101.3	87.1	91.6
October ,, c ..	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ,, c ..	378.0	441 4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ,, c ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ,, c ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May ,, c ..	366.2	464.9	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
Week Ending										
8-5-1954 ..	370.5	469.7	364.0	382.6*	691.0	399.1*	90.2	101.0	88.1	104.3
15-5-1954 ..	370.3	463.5	362.4	380.0	690.4	396.9	90.1	100.9	88.1	103.6
22-5-1954 ..	360.8*	462.6*	362.1	379.4*	687.1	393.2*	90.1	100 9	88.0	103.5
29-5-1954 ..	357.2	455 4	359.7	379.6	683.2	390.4	90.1	101.0	88.1	104.3
5-6-1954 ..	348.1	452.7	356.9	378.4	645.5	385.2	90 1	100.9	88.2	104.9

*Revised.

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

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay	Bombay		Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 =100	Ahmedabad July 1927=100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	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	3?0	151	154	144
1953	346	363	275	140	349	453	387	147	351	147	156	145
1953 April	342	359	268	137	344	434	384	146	354	147	148	142
May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	165	144
December	342	359	268	140	329	438	380	146	350	149	155	141
1954 January	346	363	269	139	325	442	377	144	353	149	—	142
February	331	348	257	139	316	432	—	—	353	151	—	—
March	332	349	257	138	319	416	—	—	345	150	—	—
April	—	—	—	141	—	426	—	—	341	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	19-6-1954			12-6-1954			5-6-1954			29-5-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	84-15	83- 0	83-14	87- 4	84- 1	85-10	88- 2	86- 6	87 7	91- 9	88-15	90 1
Silver (per 100 fine tolas)	159- 2	148- 2	151- 0	158- 4	154- 7	156-13	160- 6	157-14	159 4	164- 6	161-12	162-1

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52:91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(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	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays										
September 1953	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October ,,	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November ,,	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,60	421,39	1,126,16
December ,,	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ,,	1,174.68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
March ,,	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57.22	93,12	421,34	1,202,63
April ,,	1,220,38	13,08	1,233,33	40,02	674,15	714,17	57.90	97,81	421,34	1,233,32
May ,,	1,220,27	25,62	1,245,89	40,02	688,15	728,17	58.45	96,49	421,22	1,245,89
Week Ending										
7-5-1954	1,233,75	12,14	1,245,89	40,02	688,15	728,17	58.45	96,49	421,22	1,245,89
14-5-1954	1,228,83	16,76	1,245,58	40,02	688,15	728,17	58.46	96,19	421,22	1,245,58
21 5-1954	1,215,56	30,31	1,245,86	40,02	688,15	728,17	58.45	96,47	421,22	1,245,86
28-5-1954	1,202,92	43,28	1,246,21	40,02	688,15	728,17	58.43	96,81	421,22	1,246,21
4 6-1954	1,211.54	33,90	1,245,44	40,02	688,15	728,17	58.47	96,05	421,22	1,245,44
11-6-1954	1,208,60	36,71	1,245,32	40,02	688,15	728,17	58 47	95,93	421,22	1,245,32

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	485
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	414
	(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
Average of Fridays														
September 1953	132,38	19,68	50,33	57,21	259,59	12,94	282,53	32,09	2,88	143,09	8	11,43	86,75	6,20
October ,,	116,59	26,25	54,67	57,36	254,88	16,74	281,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November ,,	98 60	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ,,	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,46	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ,,	89,53	21,74	40,14	61,95	213,36	22.49	245,85	16,37	12,76	105,10	75	31,19	71,29	8,41
March ,,	80,90	42,08	40,44	42,99	206,41	24,92	241,32	12,72	10,46	99,86	1,12	39,83	68,70	8,64
April ,,	64,51	30,52	42,16	45,21	182,41	27,95	220,36	13,35	12,98	78,55	1,21	40,01	65,17	9,09
May ,,	93,14	20,61	43,30	46,10	203,15	28,47	241,62	25,91	10,11	65,23	1,12	57,84	71,92	9,51
Week Ending														
7-5-1954	84,76	21,04	40.45	45,57	191,82	27,81	229.63	12,34	11,06	65,25	85	63,99	66,69	9,44
14-5-1954	89,12	20,74	43.99	45,73	199,59	29,19	238.78	17,02	10,46	67,38	1,71	63,11	69,62	9,48
21-5-1954	97.59	20,11	44,96	46,94	209,60	28,70	248,30	30,62	9,96	65,30	1,95	56,22	75,70	9,46
28-5-1954	101,08	20,55	43,79	46,16	211,58	28,19	249,78	43,64	8,96	63,00	87	48,02	75,65	9,64
4-6-1954	103.89	19,54	40,10	45,66	209,19	28,57	247,76	34,13	9,10	62,35	1,47	45,56	85,43	9,71
11-6-1954	106,63	15,41	43,50	46,14	211,68	28,43	250,11	36,94	10,65	62,47	1,18	43,81	85,39	6,67

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays.

INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Year 1952	Year 1953	April 1954	4 Months Jan-Apr. 1953	4 Months Jan-Apr. 1954
Total All Exports	114,717	113,443	9,088	34,473	50,305
Of which :-					
Tea	48,743	51,928	2,879	14,553	24,961
Leather, leather manufactures & dressed furs	9,284	14,009	1,021	4,611	5,088
Tobacco & tobacco manufactures	6,956	5,790	379	988	698
Hides, skins & fur skins, undressed	540	958	95	350	371
Wool & other animal hair	3,496	4,608	276	1,364	1,829
Cotton	2,297	2,993	262	1,217	1,225
Miscellaneous textile fibres & waste	1,395	629	95	214	300
Metalliferous ores & metal scrap	3,960	4,388	590	1,807	1,495
Miscellaneous animal & vegetable crude materials, inedible	4,364	3,258	311	1,132	1,451
Animal & vegetable oils, fats, greases & derivatives	3,573	2,442	66	1,476	195
Miscellaneous textile manufactures	16,578	12,736	1,546	3,100	7,186

* Mainly manganese ore. @ Mainly carpets, floor rugs, etc.

II. PRINCIPAL IMPORTS

(Thousand £)

	Year 1952	Year 1953	April 1954	4 Months Jan-Apr. 1953	4 Months Jan-Apr. 1954
Total All Imports	112,635	114,491	8,920	37,382	39,015
f which :					
Machinery other than electric	29,595	27,791	2,399	10,173	9,810
Electric machinery, apparatus & appliances	17,138	17,944	1,143	6,731	5,297
Wool & other animal hair	3,293	4,828	538	1,545	1,825
Petroleum & petroleum products	2,509	3,953	313	1,559	1,680
Chemicals	13,426	13,058	1,104	3,570	4,866
Paper, paperboard & manufactures thereof	1,923	1,229	114	503	436
Iron and steel	4,785	4,689	395	1,487	1,999
Non-ferrous base metals	1,631	2,137	155	808	500
Manufactures of metals	6,329	7,309	411	2,379	1,851
Railway vehicles	5,655	3,758	289	1,345	1,301
Road vehicles & aircraft	9,564	8,758	883	2,379	3,587
Scientific instruments; photographic & optical goods; watches & clocks	1,896	2,206	168	759	691

III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Year 1952	Year 1953	April 1954	4 Months Jan-Apr. 1953	4 Months Jan-Apr. 1954
Total Machinery	46,733	45,735	4,330	16,904	15,107
f which :-					
Boiler & boiler-house plant	1,458	1 653	142	569	605
Internal combustion engines	4,511	1,356	157	522	657
Agricultural machinery	495	151	13	75	45
Machine tools (excluding portable power tools)	1,336	1,934	166	749	680
Pumps	980	856	53	299	213
Industrial works trucks & tractors & mechanical handling equipment	1,024	1,471	174	470	515
Excavating & earth-moving machinery & road rollers	867	528	15	169	101
Mining & well drilling machinery	546	519	34	171	179
Printing & bookbinding machinery & printing type	628	791	48	221	189
Textile machinery	8,668	6,990	615	2,768	2,493
Air-conditioning & refrigerating machinery	253	290	21	94	92
Generating sets, generators & motors	2,184	2,689	168	1,115	725
Converting machinery, transformers, switch gear & switchboards	3,321	4,606	310	1,401	1,339
Electronic valves, & radio, television, radar & sound reproducing apparatus	2,203	1,485	85	556	378
Electric cables, wires, strips & strands, insulated	5,026	5,034	199	2,370	1,127

Source :—Trade and Navigation Accounts of the U.K. (H.M.S.O.)

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 Imports	Index Nos. of Average Unit declared Value 1948—49=100 Exports (Including re-exports)	Index Nos. of Quentum of Foreign Trade 1948—49=100 Imports	Index Nos. of Quentum of Foreign Trade 1948—49=100 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	125.8	118.7	90	109
1953-54	565,25	527,98	..	..	..	..
1950						
July	46,54	38,51	98.6	107.2	91	97
August	61,34	45,20	100.4	109.0	116	109
September	5[illegible],94	50,13	100.4	112.8	104	116
October	43,59	60,70	98.8	114.6	79	141
November	47,51	58,64	114.9	108.8	79	143
December	47,32	55,30	100.1	111.0	89	134
1951						
January	56,66	61,87	121.4	113.0	94	146
February	54,21	64,73	122.2	121.9	90	145
March	59,82	87,47	126.2	126.7	96	188
April	58,33	56,48	127.7	140.5	96	106
May	72,98	88,41	125.1	181.5	120	135
June	81,56	64,95	137.1	191.6	109	92
July	78,13	59,90	127.9	185.2	113	88
August	76,67	64,16	129.2	180.0	115	95
September	74,22	62,33	129.0	175.3	111	95
October	73,37	48,64	124.4	167.6	112	76
November	76,74	65,37	126.7	161.6	115	106
December	78,30	59,53	121.4	173.5	128	90
1952						
January	94,37	66,60	129 0	169.1	147	106
February	84,95	49,54	131.4	152.3	128	83
March	93,53	56,87	133.8	150.0	141	99
April	81,11	45,10	135.4	150 2	126	78
May	79,73	51,14	132.8	128.4	125	103
June	63,29	52,05	132.3	119.4	98	113
July	60,22	54,20	132.4	122.0	94	118
August	59,33	55,28	121.4	117.0	101	126
September	49,12	47,71	128.3	116.7	78	111
October	47,09	53,36	122.0	122.6	77	120
November	43,68	41,11	129.1	115.8	67	97
December	47,37	45,59	128.3	108.6	73	114
1953						
January	43,49	44,45	120.0	110.2	73	110
February	39,99	39,24	122.7	110.5	68	98
March	47,08	48,84	114.2	110.1	85	115
April	56,49	38,87	115.1	110.6	104	97
May	56,07	40,99	119.7	111.3	99	101
June	51,40	40,03	120.7	113.1	88	98
July	51,77	40,98	111.0	110.3	94	102
August	49,95	40,05	110.5	113.2	92	96
September	46,53	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
1954						
January	39,90	44,45	111.2	109.9	73	111
February	40,08	40,76	112.5	110.8	73	101
March	49,06	43,73	..	..	..	..

STATEMENT OF OWNERSHIP OF DEPOSITS OF BANKS IN INDIA

(By Types of Deposits)

Amounts in lakhs of rupees

	Scheduled Banks					
	December 31, 1952 Amount	Percentage to group total	June 30, 1953 Amount	Percentage to group total	December 31, 1953 Amount	Percentage to group total
I. Demand Deposits						
(1) Manufacturing concerns	42,88	10.0	45,85	10.6	44,50	10.7
(2) Trading concerns	112,93	26.4	110,11	25.6	104,50	25.1
(3) Public utility (e.g. transport and communications, gas, electricity etc.) concerns	8,77	2.1	7,36	1.7	9,48	2.3
(4) Mining concerns	4,05	0.9	4,22	1.0	3,54	0.8
(5) Plantation concerns	5,66	1.3	5,31	1.2	7,25	1.7
(6) Financial concerns	50,00	11.7	52,54	12.2	49,24	11.8
(a) Banks	29,93	7.0	31,50	7.3	27,88	6.7
(b) Insurance companies	10,38	2.4	10,54	2.4	10,43	2.5
(c) Co-operative Banks and Societies	5,32	1.2	6,37	1.4	5,89	1.4
(d) Others	4,36	1.0	4,13	1.0	5,05	1.2
(7) Personal	116,09	27.1	118,93	27.5	112,96	27.1
(8) Government and quasi government bodies	34,60	8.1	32,51	7.5	30,10	7.2
(9) Others	42,77	10.0	45,13	10.4	46,49	11.1
(10) Unclassified (1)	9,89	2.3	9,83	2.3	9,39	2.2
TOTAL I	427,66	100.0	431,80	100.0	417,57	100.0
II. Savings Deposits Of						
(11) Business	1,79	1.3	1,73	1.2	1,90	1.4
(12) Personal	131,47	96.2	132,70	96.2	133,31	96.0
(13) Others	3,41	2.5	3,52	2.6	3,61	2.6
TOTAL II	136,67	100.0	137,95	100.0	138,82	100.0
III. Time Deposits Of						
(14) Trading concerns	40,84	16.3	45,23	17.3	47,58	17.8
(15) Financial concerns	16,14	6.5	11,28	4.3	9,24	3.5
(16) Other business deposits	8,20	3.3	9,08	3.5	10,09	3.8
(17) Personal	135,02	54.0	138,45	53.1	141,07	52.9
(18) Government and quasi-government bodies	27,17	10.9	33,99	13.0	34,57	13.0
(19) Others	21,30	8.5	21,61	8.3	22,70	8.5
(20) Unclassified (I)	1,36	0.5	1,31	0.5	1,43	0.5
TOTAL III	250,03	100.0	260,95	100.0	266,68	100.0
GRAND TOTAL	814,35		830,70	..	823,08	..

(I) Accounts of less than Rs. 500.

Source: Trends in Banking, 1953.

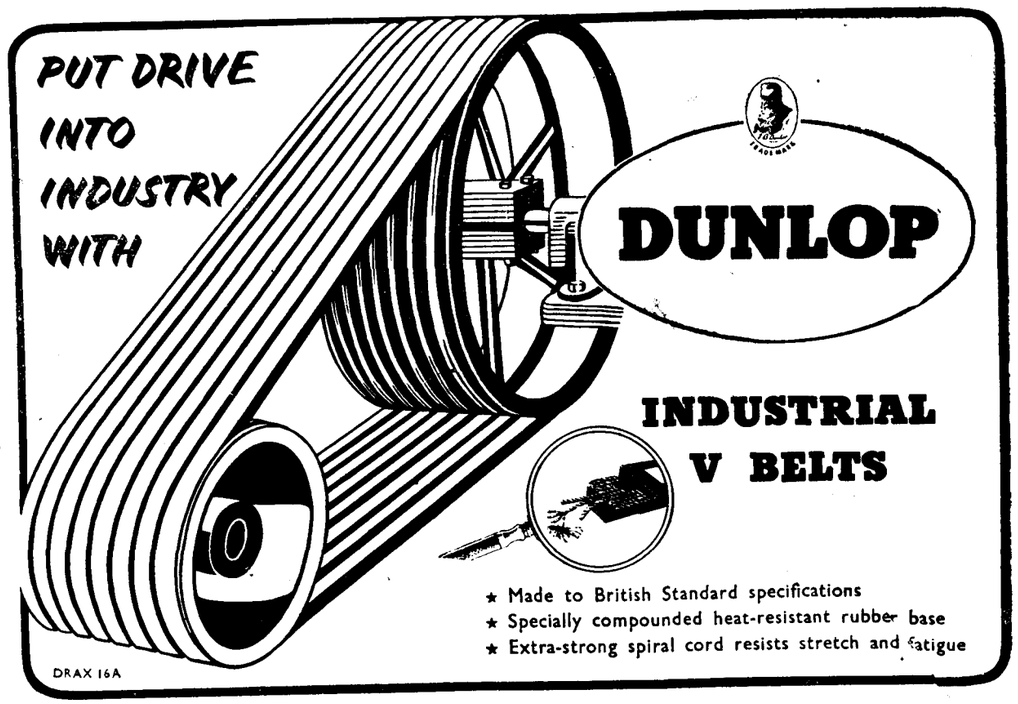
165709 -600 000

STATEMENT OF ANALYSIS OF ADVANCES OF SCHEDULED BANKS ACCORDING TO PURPOSE 1953

(Amount in Crores of Rupees)

Number of reporting banks	December 31, 1952			June 30, 1953			December 31, 1953		
	Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances
INDUSTRY									
Cotton (ginning, pressing and weaving etc.) ..	47.5	26.6	9.3	50.8	26.9	9.3	52.7	30.7	10.6
Jute ..	14.1	7.9	2.8	11.9	6.3	2 2	18.6	10.6	3 7
Other textiles ..	9.8	5.5	1 9	12.5	6.6	2.3	10.8	6.3	2.2
Iron and Steel ..	5.4	3.0	1.1	6.0	3.2	1.1	7.0	4.1	1.4
Coal, other mining and quarrying..	4.0	2.2	0 8	4.4	2.3	0.8	4.4	2.6	0.9
Engineering ..	17.1	9.6	3.4	14.6	7.7	2.7	15.7	9.1	3.2
Sugar ..	27.5	15.4	5.4	32.7	17.3	6.0	11.1	6 5	2 2
Cement ..	1.0	0.6	0.2	1.7	0.9	0.3	1.2	0.7	0.2
Public Utilities (e.g transport, communications, gas, electricity etc.) ..	4.9	2.7	1.0	3.8	2.0	0.7	5.6	3 3	1.1
Vegetable oil crushing and refining (including Vanaspati, soap etc.) ..	6.9	3.9	1.4	8.7	4.6	1.6	7.8	4.5	1.6
Chemical, dyes and paints ..	9.6	5.4	1.9	8.4	4.4	1.5	8 3	4.8	1.7
Others ..	31.1	17.4	6.1	33.5	17.7	6.1	29.1	16.9	5.8
TOTAL OF I ..	178.8	100.0	35.1	204.1	100.0	35.4	189.0	100.0	34.7
COMMERCE									
Wholesale Trade ..	146 4	61.6	28.8	172.7	65.7	31.7	155.2	63.4	31.2
(i) Agricultural commodities ..	66.8	28.1	13 1	93.8	35.7	17.2	73.4	30.0	14.7
(a) Cotton ..	27.9	11.7	5.5	27.6	10.5	5.1	25.8	10.5	5.2
(b) Jute ..	10.9	4 6	2.1	11.7	4.5	2.1	7.4	3.0	1.5
(c) Oil-seeds ..	4.8	2.0	0.9	10.7	4.1	2.0	6.9	2.8	1.4
(d) Sugar ..	0.9	0.4	0.2	2.6	1.0	0.5	2.6	1.1	0.5
(e) Other agricultural commodities ..	22.4	9.4	4.4	41.2	15.7	7.6	30.7	12.5	6.2
(ii) Other goods ..	79 6	33.5	15.7	78.9	30.0	14.5	81.8	33.4	16.4
Retail Trade ..	10 9	4.6	2.1	10.9	4.1	2.0	11.8	4.8	2.4
Dealers in Government securities stocks, shares etc. ..	13 0	5.5	2.6	12.8	4.9	2.4	12.8	5.2	2.6
Dealers in Bullion ..	3.0	1.3	0.6	1.9	0.7	0.4	2.8	1.1	0.6
Shroffs ..	8.8	3.7	1.7	10.9	4.1	2.0	12 6	5.1	2.5
Banks and other financial institutions ..	27.5	11.6	5.4	28.4	10.8	5.1	23.6	9.6	4.7
Others ..	27.9	11.7	5.5	25.0	9 5	4.6	26.0	10.6	5.2
TOTAL OF II ..	237.5	100.0	46.7	262.7	100.0	48.2	244.7	100.0	49.2
AGRICULTURE									
Food crops (wheat, rice & other cereals, dals etc.) ..	0.4	1.9	0.1	1.0	4 3	0.2	2.3	19.2	0.5
Other agricultural produce (Jute, cotton, tobacco, oilseeds, tea, coffee etc. ..	19.9	94.3	3.9	21.2	92.2	3.9	8.9	74.2	1.8
Others ..	0 8	3.8	0.2	0.8	3.5	0.1	0.8	6.7	0.2
TOTAL OF III ..	21.1	100.0	4.1	23.0	100.0	4.2	11.9	100.0	2.4
Personal and Professional ..	39.6		7.8	41.0		7.5	43.4		8.7
All others ..	31.8		6.2	29.3		5.4	25.8		5.2
GRAND TOTAL ..	508.8		100.0	544.9		100.0	497.7		100.0

Source: Trends in Banking, 1953.



COTTON YARNS

OF ALL DESCRIPTIONS

FOR HANDLOOM, POWERLOOM & HOSIERY FACTORIES

MADURA MILLS COMPANY, LIMITED

Phone: 250 (5 lines) MADURAI Grams: "HARVEY"

MILLS AT

MADURAI, TUTICORIN AND AMBASAMUDRAM

5,00,000 Spindles Counts up to 80s

SPECIALITIES

WARP YARNS, COMBED YARNS, HOSIERY YARNS,

SINGLE & FOLDED YARNS: CONE, CHEESE OR HANKS

Yarns for the Manufacture of

ROPES—HEALDS—CANVAS—TAPE

Sewing Thread Yarns & Multi-ply yarns

CORD YARNS FOR TYRE MANUFACTURE

Managers :

A. & F. HARVEY LIMITED

MADURAI

Phone: 420 (4 lines) S. I. Grams: "HARVEY"